

JPRS-LAM-88-032  
12 SEPTEMBER 1988



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# ***JPRS Report***

# **Latin America**

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### **Good Prospects for Increased Gas Production**

33480203e Buenos Aires *AMBITO FINANCIERO* in Spanish 22 Jul 88 p 43

[Text] "Argentina's reserves are the 18th largest in the world, standing at 676 billion cubic meters of gas." This comment was made by Jose Di Benedetto, the director of geology in the YPF [Government Oil Deposits], during a round table organized at Petroquimica General Mosconi by the Foundation for the Study of Energy Resources (FUREN), which brought together specialists to debate whether there is gas in Argentina.

Juan Jose Taccone, the head of the foundation that organized the event, first gave a rundown of the activities of the Superior Institute of Energy Studies, which is a branch of FUREN.

### **Speeches**

After stating where Argentina stood among the nations of the world in terms of reserves, Di Benedetto said that the aforementioned amount is official YPF reserves, which do not yet include the reserves found by private firms, inasmuch as they have not been officially reported. Once they are figured in, he indicated, the country's position will improve.

As for the reserves in each basin, according to data more than a year old, there are 98 billion cubic meters in the Austral Basin; 35 billion in the San Jorge Gulf; 436 billion in the Neuquina Basin, and 107 billion in the Northwest Basin. The geologist added that most of the country's gas reserves are of the "condensed" variety. Lastly, he analyzed the characteristics of each of these reserves, discussing the possibilities of linking them to transportation systems and then mentioning the problems of venting and capture.

Pedro Lesta said that he was optimistic about finding new gas reserves, adding that no company will explore for gas unless the price is appropriate. He said that gas could be explored for either disassociated from petroleum or in association with condensate, depending on the geological structure. In the United States, he indicated, gas is explored for at a depth of more than 10,000 meters, "because finding and selling it is good business there." If we drilled to 6,000 or 7,000 meters, he concluded, we could find "several million cubic meters of gas."

### **Tavella**

Dr Emir Tavella indicated that Argentina has between the second and third highest oil-gas ratio in the world, with gas accounting for more than 20 percent of it today. By the year 2013 the ratio should hit 41 percent, and thus the accent must be on development. "The country has a chance to become the Southern Cone's gas-producing center, and we should thus be thinking about building

interior and exterior gas pipelines," he indicated. Finding gas "is a misfortune" for some companies, YPF included, because they do not invest to recover it.

For his part, Enrique Mainardi said that YPF has never explored for gas but instead always for oil. It was often very displeased to find gas instead of oil. Apolo Ortiz and Oscar Galante agreed in their remarks on the promising prospects that gas offers in Argentina.

In summarizing the conclusions, Carlos Buccieri said that there was optimism about the potential that gas offers and he advocated a pricing and compensation policy that would make the efforts required by intensive exploration worthwhile. He recalled that investments could be generously rewarded, inasmuch as natural gas has advantages as a replacement for liquid fuels.

8743

### **Writer Says New Oil Strategy To Benefit Local Producers**

33480203d Buenos Aires *AMBITO FINANCIERO* in Spanish 25 Jul 88 p 7

[Article by Oscar Secco: "The Oil Plan: Winning a Battle Again Corporativism"]

[Text] Under the Houston, Olivos and Petroplan plans the country is again agreeing after 15 years that the price Argentine oil producers will receive is the world market price. This welcome return to economic reality marks the beginning of the end of oil prices that were set in bids and private negotiations for each contract and that were based on production costs. A producer would demonstrate his costs to YPF [Government Oil Deposits] and obtain a price; thus, the emphasis was on negotiations, not efficient production. During the years when oil prices were above \$20 a barrel, this practice made some sense, and by and large prices about half the world price were agreed upon.

### **Oil Prices**

The aforementioned plans that the current administration has begun will not pay producers in Argentina, whether Argentines or foreigners, a price similar to the net price that they would secure in the United States or any other country governed by a free-market economy. The reason is that although producers will get 70 or 80 percent of the international price (FOB) of oil similar in quality to that in their deposits, local producers do not pay the royalty (YPF pays it), which comes to 12 percent of the price. Moreover, under the Houston and Olivos plans they deliver their output to YPF near their area, thus saving the cost of transportation to the refinery, which comes to another 5 to 10 percent of the price. It should be noted here that the commercial exchange rate is used to convert the dollar price to australes.

Under the pricing system in the new oil plans, any decline in costs will obviously lead to higher legitimate profits for producers, inasmuch as profit is the difference between price and cost.

Lower production costs will also enable them to extract more oil from each deposit. This is because the recovery limit of the deposits always winds up being economic, not technical. When the cost of production equals the price, output stops. Low production costs will enable more economically profitable wells to be drilled in each deposit. With each one percent decline in the total cost of a new well, a deposit can have approximately one percent smaller reserves. For example, take a well that costs \$700,000 and that is economical only if it puts out 20,000 cubic meters of oil during its productive life. If the cost can be lowered 43 percent to \$400,000, its economic yield will be the same even if it now produces just 12,000 cubic meters, which is 40 percent less output.

In the deposits that are currently under development in the country there are hundreds of potential wells that would be economical to drill only if the initial cost dropped considerably. If such reductions were secured and these today unprofitable wells were drilled, then the reserves in the current deposits would increase by several million cubic meters.

The new reserves would be based on a different economic limit and are completely independent of the reserves that may result from discoveries of new deposits that YPF or private firms may make under the Houston plan. In turn, however, lower production costs would also make deposits yet to be discovered more attractive because they would be economically more profitable and the total recovery of oil from them would be maximized.

Owing to 15 years of oil prices based on production costs, producers did not place due emphasis on this aspect of the business. Thus, both the cost of inputs and producer costs themselves gradually rose, and as long as the world price of crude oil stayed high, the rise was tolerable and even went hand in hand with production costs that were rising overseas under the benign protection of high prices.

When the price of crude oil collapsed 2 years ago, the world industry adjusted quickly to preserve its profit margin, and the international prices of oil inputs fell dramatically, at times even below a minimum acceptable level. The drop in the world price did not affect Argentine producers, whose prices were not tied to it; therefore, there was no reduction of costs in the country. Today, many inputs that oil producers need for their investment plans cost 60 to 100 percent more (using the financial exchange rate for comparison purposes) than they do for a producer in the United States or Colombia, to cite two countries with deposits comparable to Argentina's.

Local oil producers will now have to live with the international price of crude oil (about \$14 a barrel today)

and will have no one to pass the 60, 80 or 100 percent higher Argentine production costs on to.

If these costs can be cut by 15 to 20 percent a year for the next 3 years, the producers would plow back their higher profits into new investments in producing deposits. The new investment would give rise to new wells, new secondary-recovery projects, more reserves and higher output, and the suppliers of piping, bits, pumps, drilling services, etc would offset the lower prices for their equipment and services with higher sales, which would decrease the idle time of their plant and equipment. This benefit would spread throughout the Argentine economy and bring our oil industry closer to the parameters of the world industry.

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### **Purchased Soviet Trolleybuses Said To Be Obsolete**

33480203c Buenos Aires LA PRENSA in Spanish  
18 Jul 88 p 10

[Text] Cordoba—Christian Democratic Councilman Juan Carlos de la Pena, representing the Justicialist Renewal bloc, has issued a press release charging that the municipal executive department of this capital was guilty of serious irregularities in acquiring 30 trolleybuses and materials from the Soviet enterprise Technostroyexport.

He indicates in this regard that "this new service is, at the very least, five times more expensive than a comparable bus system" and that "the trolleybuses are irrationally more expensive than their bus equivalent." He goes on to say that the Soviet trolleybuses can hold 118 passengers each; in other words, the number of passengers that can ride in all of these vehicles is similar to the capacity of 36 large buses or 55 regular ones. Therefore, if we keep in mind Cordoba's recorded ridership of three passengers per kilometer, the trolleybuses will be able to carry 550,000 passengers a month, which represents less than 3 percent of the total number of riders, some 20 million a month.

As approved by the Deliberative Council, the contract with the Soviet enterprise totals \$8,585,000, plus the infrastructure projects that city hall must build and that will cost no less than \$7 million. The total is thus more than \$15 million.

With this amount of money, the release adds, 200 large-capacity buses could have been purchased. Since they are gas-powered, they would not pollute the air and, moreover, they could be produced entirely in the country. This would have resolved the urban transit problem, whereas the trolley system will serve only a few neighborhoods.

He emphasizes later on that trolleybuses are obsolete in the modern world and are to be found only in the cities in which they existed previously. Moreover, Soviet technology in this field is among the most antiquated,



inasmuch as the units do not have devices that prevent sudden starts, for example, "which is not compatible with basic safety in the service."

The warranty on the materials is also criticized, as they are guaranteed for only 12 months of service, while the trolleybuses themselves have only a 6-month or 40,000 km warranty. Therefore, in less than a year the future of the service will be uncertain and dependent on Soviet technology.

De la Pena contends that in this contract the mayor, Dr Ramon Mestre, has ignored specific constitutional provisions and accounting practices. In conclusion, he states that the Cordoba city hall's call for bids on this project in 1986 "has nothing to do with the final contract. Moreover, the Soviet enterprise with which the contract was signed did not even submit a bid at the time."

8743

**MNR, ADN, MIR Criticized for Undemocratic Candidate Selection**

33480186b La Paz *PRESENCIA* in Spanish  
12 Jul 88 p 3

[Commentary by Ernesto Machicao A.: "Democracy Within the Political Parties"]

[Text] The political parties are the staunchest defenders of the democratic way of life. For most of them, democracy is one of the basic tenets of their ideology. During periods of dictatorship, the political parties strove, from positions of clandestinity and/or exile, for the return of democracy.

Today, of course, they defend it against any and all acts that could put it at risk. Nevertheless, after almost 6 uninterrupted years of democracy in Bolivia, it is relevant to ask to what extent the political leaders, who so venerate this system, practice it within their own parties. The question is worth a brief analysis, especially as regards the three majority parties: MNR [Nationalist Revolutionary Movement], ADN [Nationalist Democratic Action] and MIR [Movement of the Revolutionary Left].

The highest office in each of these organizations is that of national head of the party. Is this an elective office in the MNR, the ADN or the MIR? The question appears to be a bit naive in our environment, since the truth is that neither Dr Victor Paz Estenssoro, nor General Hugo Banzer Suarez, nor Lawyer Jaime Paz Zamora compete electorally with their rivals for the position of national head of their respective parties. The leadership of each of these "caudillos" in his party is unquestionable. Moreover, the position of national head of the principal Bolivian parties carries a name and a title and is not subjected to democratic electoral challenges among various candidates.

The procedure for electing the party officials at the national level (deputy head, executive secretary, general secretary, and others) is very similar in all three of these parties. In the MNR, ADN and MIR, these officials are elected in a national assembly or convention. This event is attended by delegates of all the party organizations. Thus, it can be said that the national officers are elected by delegated voting in an indirect democratic way.

The departmental level officers are appointed by way of different methods in each of the three parties. In the MNR, they are elected in democratic meetings in which the rank and file members of the party cast their vote. Direct democracy is practiced in these meetings by way of universal suffrage. In ADN, the rank and file members elect only their sectoral officers (white collar, labor, youth, women, farm workers, and others). An assembly of delegates of these sectoral organizations elects their regional officers by way of delegated voting in an indirect form of democracy. In the MIR as well, the regional

officers are not elected by the rank and file. This departmental echelon is handpicked by higher levels of the party, such as the national head and the national policy committee. Democratic participation is virtually nil in these cases.

Knowing the manner in which candidates for the office of president of the Republic are selected in each of the parties is probably one of the aspects of most interest to public opinion. Traditionally, the Bolivian parties have not had to select their candidates for the presidency from among two or more nominees. The national head has in nearly all cases been his party's presidential candidate. Of the three parties, the only one that will have to elect its candidate through a process of internal primaries (during its national convention) is the MNR, since the Political Constitution of the State does not permit the reelection of the president. As for ADN and the MIR, there is no doubt that their candidates will be Hugo Banzer Suarez and Jaime Paz Zamora respectively, without the need for democratic and competitive elections within those political organizations.

What can be concluded from this brief analysis is that Bolivia's political parties are not very democratic at all in their internal procedures. In general, their rank and file are relegated to functions of political activism, without so much as the right to determine who shall be their national, and in the majority of cases their departmental or regional, leaders. Direct democracy and universal suffrage are not yet the common practice in our—ironically termed, democratic—political parties. In the view of our political leaders, democracy must be practiced in all spheres of national life, except within their own parties.

9399

**Editorial Advises Armed Forces Control of Smuggling**

33480186c Cochabamba *LOS TIEMPOS* in Spanish  
12 Jul 88 Sec A p 4

[Editorial]

[Text] Recently, more than thirty of the country's industrial enterprises—among them, Quimbol, Aceite Fino, Sociedad Aceitera del Oriente, Indupel, Jabones Patria, Manaco, Laboratorios Sigma, Adeplec, and Vidriolux—citing the national scope of the threat confronting industry, urged the Dr Paz Estenssoro Administration to institute the necessary forceful measures and steps to control smuggling and its lethal effects on the national economy.

We do not think it an exaggeration or mere sensationalism to state that the proliferation of smuggling in the various regions of the country, and the damage caused by the evasion of Customs and Internal Revenue taxes, are

each another of the major transgressions which, together with the drug traffic, hover threateningly over our impoverished national economy.

To date, the urgency of eradicating the drug traffic has been, much in the manner of a collective neurosis, the predominant consideration, compelling the passing, from its inception, of a specific law by the legislature. With this as a precedent, the national authorities should feel compelled also to initiate a painstaking study of practical and forceful measures for putting an end to the ominous growth of smuggling, which is devastating the country's industrial activity.

This situation must be corrected so that industrial enterprises can for their part, and on the basis of an explicit outlawing of smuggling, also devote diligent effort to overcoming the discouraging effect being produced by the lack of measures and means to suppress it.

Moreover, in addition to bearing the brunt of that scourge, the country's private enterprise sector also has to contend with the application of customs tariffs based on the uniform single and consolidated tax concept "for foreign trade and the importation of the raw materials and capital goods needed by domestic industry, which is not only unfair but also irrational in the eyes of Bolivians as well as foreigners."

It is beside the point to argue the question of multiple or negative appearances of organized smuggling in greater or lesser volume, but what is indispensable is to insist, at the risk of seeming ingenuous, that the Supreme Government and the Public Authorities concern themselves with the problem, instituting drastic, energetic, and implacable measures, and utilizing for their implementation the cooperation of the national security forces to control the border areas in which the smugglers are operating with impunity and even with the help of the drug traffickers.

For this defense of our national interests and of the country's very dignity against the sinister organizations that gravely affect our national industry and our private enterprise sector, we consider it of the utmost urgency to enlist the intervention or cooperation of those units of the nation's Armed Forces which, in addition to their specific tasks, could provide invaluable services to the country, organizing and deploying armed detachments to police the most vulnerable of our border regions. To advocate this recourse is in no way nonsensical if one considers the provisions of our National Political Constitution and the meaning of our national sovereignty, whose caretaker is the Army. The Army's intervention, carried out in strict accordance with the laws, would earn the gratitude of the nation, concerning as it would the defense and vigor of our national economy. Major evils require strong remedies, and decisive and definitive action.

9399

## **PT Member Charged With Sponsoring Libyan Trip Suspended**

### **Accused Denies Charges**

33420126a Sao Paulo O ESTADO DE SAO PAULO in Portuguese 23 Jul 88 p 6

[Text] Rio—On Wednesday, in a confidential process conducted by its national executive body, PT [Workers Party] decided on the penalty to be imposed on its militant, Alberto Saloes, a former member of the Rio de Janeiro State regional executive body, who is under suspicion of having sponsored the trip of a group of PT members to Libya 3 months ago, for training in a guerrilla camp. The official charge against Saloes is that of "having established international relations without permission from the national board of directors."

Saloes, accused by PT leaders of being "sectarian and crazy," defended himself: "The trip by the personnel was sponsored by the Arab-Brazilian Cultural Conference, a legal entity with headquarters in Novo Iguacu; and there were only debates in Tripoli concerning LIVRO VERDE [Green Book](containing the ideas of Libyan leader Mu'ammar al-Qadhdhafi)."

The process for ascertaining the reasons for the trip was established even before the group had left the country. Saloes, owing to pressure from the party, ended up not traveling, and had to answer questions asked by PT's secretary for international affairs, attorney Luis Eduardo Greenhalgh. Saloes complained: "He told me that the conversation was merely informal, but I ended up responding to an interrogation"; he described Greenhalgh as "incompetent."

The PT member (whose faction is identified with the Sandinist movement, publishing the Nicaraguan newspaper BARRICADA in Brazil) gave assurance that all this was nothing but envy on the part of other PT movements. Saloes argued: "Doesn't anyone who takes guerrilla training normally obtain authorization from the Federal Police?" He claimed that Deputies Luis Inacio Lula da Silva, the party's candidate for the presidency of the Republic, and Olivio Dutra, president of PT, belong to "the sector which expelled the radicals and received money from the Socialist International." Saloes stressed: "They uphold corporatist theories and have even been praising the Constituent Assembly, which is a leaking ship."

Nevertheless, Saloes could not clearly explain where each of the groups of five militants was. He claimed: "I didn't go with them." One of the PT members who went to Tripoli, Luis Antonio Magalhaes, attempted irony, claiming that he participated only in lectures. "Our trip was public knowledge; I see no reason for all this paranoia. People will soon be going to Cuba, and someone is contriving this in order to expel us," remarked Magalhaes, who belongs to the Campos PT, in the northern part of the State of Rio de Janeiro.

Jorge Bittar, the PT candidate for mayor of Rio, explaining the reasons for the care with which the party is dealing with the case, gave a reminder that, "PT defends democratic intervention, and never armed struggle."

### **Suspended Member's Background**

33420126a Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Jul 88 p 14

[Text] Rio—PT member Alberto Saloes was suspended for a year from party activities by the Workers Party's national executive body for "having established international political relations without permission from the national board of directors." Unofficially, however, Alberto Saloes is being accused of having promoted the trip of a group of party militants to Libya 3 years ago for training in a guerrilla camp. The party's secretary for international affairs, Luis Eduardo Greenhalgh, reported yesterday: "They didn't participate in guerrilla courses, but he will be punished for having established political contacts without permission."

Alberto Saloes belongs to the party's extreme left, the self-named PT-PT movement primarily responsible for the veto of a coalition with Rio mayor Saturnino Braga, after he had left Leonel Brizola's PDT [Democratic Workers Party]. He declared: "After that, I started being persecuted. And they contrived that story about guerrillas. Brazil has trade relations with Libya. It's no crime to go there."

A Bahian from Salvador, Alberto Saloes was raised in Rio de Janeiro, where he is a history teacher in the town of Teresopolis. Married, 38 years of age, he is the father of Eduardo, 15, Domitila, 9, and Juliana, 6. His political militancy has always been in the Rio de Janeiro valley.

### **'I'm Afraid'**

A militant in the former Workers Political Movement (POLOP), Alberto Saloes was imprisoned in 1972 during the Medici government, when he was studying history at the Federal University of Rio de Janeiro's (UFRJ) Institute of Philosophy and Social Sciences. He relates that he was tortured at the DOI [Department of Internal Operations]-CODI [Internal Defense Operations Center] and, after having spent 2 years in prison, was acquitted in proceedings of the Aeronautics Ministry's First Courtroom. He claims: "It was proven that our group was merely theoretical. We were always opposed to armed focus activity. Those accusing me now are the very ones who participated in armed action in the past. It's a dirty trick."

According to the PT official account, the former vice president and founder of the party in Rio, Alberto Saloes, was removed from the regional board of directors in January of this year because "he missed the weekly meetings on 3 consecutive occasions without justification," as Secretary-General Mozart Schmidt explained.

"That's a joke," retorts Saloes. "I was removed because we were winning a larger portion of the regional board of directors every day. This also happened to comrade Carlos



Montarroyos, who was removed on charges of being a policeman infiltrated into the movement." (Montarroyos is being sued for slander and defamation by three members of the regional board of directors: Mozart Shimidt, Cid Benjamin, and Sergio Moura.)

Linked with the Sandinist movement which publishes the newspaper BARRICADA in Brazil, and also with the Israeli Peace Now group and the Movement for Support to the Palestinians, Alberto Saloes gives a reminder that approximately 30 persons traveled to Libya, remaining in that country from 20 to 90 days, all at the invitation of the Arab-Brazilian Cultural Conference, "a legal entity with headquarters in Nova Iguacu," as he notes. "And there were people from several parties, such as PDT and PSB [Brazilian Socialist Party], and from the Church. I myself didn't even travel; how can I be punished?" He claims that the purpose of the trip was to monitor the work to replace members of the Popular Congresses in Libya, which occurs every 2 years. "They invite delegations from all over the world. And they do this precisely to erase the image of terrorism attached to the Libyan leader, Mu'ammar Qadhafi."

Concerned over his involvement in suspicion of being a guerrilla ("I'm afraid for myself and my family"), without a right to defense, Alberto Saloes describes those methods of the regional executive body as "a right wing Stalinism of the underdeveloped Tupinaqui [an Indian tribe which once inhabited Bahia] type," demonstrating the "corruption" of PT. "After 10 years of struggle, the first cycle has ended. If we don't expand our internal democracy, we'll be assimilated by the system," he predicts.

Favoring a socialist revolution, Saloes mocks the charge made by his adversaries: "When they claim that I was promoting courses in terrorism in Libya, I was in Cotia, Sao Paulo, participating in the National Meeting for Non-Violence, sponsored by the National Workers Front, a nonpartisan entity." The meeting took place at a convent.

2909

### **Export Processing Zones Spark Criticism From Businessmen**

34420126b Sao Paulo VEJA in Portuguese  
3 Aug 88 pp 104, 105

[Text] Last week, President Jose Sarney finally uncovered a plan held in abeyance for 1 year and 7 months, during which opposing factions confronted each other with silent rage—one which thus far has only evoked controversy both inside and outside the government: the creation of the Export Processing Zones, the so-called ZPE. On Friday, Sarney signed a decree-law, which is still contingent on approval from the Congress, whereby an as yet uncertain number of zones will start operating in the leading ports of the North and Northeast regions, in which native and foreign business firms will become established with major tax benefits, and which, based on the plan, should become export platforms. In fact, this is a new version of the notion

of the Manaus Free Trade Zone created in 1967 by the Castello Branco government, which attempted to attract high technology industries into the heart of the Amazon region, thanks to tax incentives; with the difference that everything that they produced could be sold on the domestic market, a peculiar feature which ultimately prompted the Free Trade Zone to concentrate business firms interested in importing components, installing them, and selling the end product in Brazil itself.

In the case of the ZPE, virtually everything will have to be for export in order to generate increasingly positive sums in the trade balance. To attract business firms to the ZPE, the government has exempted the industries from paying import and export taxes; this enables them to bring in components from abroad at a good price, and to export the end product at similarly competitive prices, in addition to not taxing their remittances of profits abroad (a means of attracting foreign investments to the country and of stimulating the generation of leading edge technology). It is all perfect, in the view of the technocrats in the Ministry of Industry and Commerce [MIC] and its minister, Jose Hugo Castelo Branco, the leading sponsor of the idea, with the aid of Sarney's private secretary, Jorge Murad. From the outset, however, the ZPE plan received disapproval from the Finance Ministry technocrats. After endless discussions, the idea finally took off, with a few changes, wherein everyone yielded.

On Wednesday Sarney gave the signal to Finance Minister Mailson da Nobrega that he was ready to resolve the issue of the ZPE and to sign the decree. Sarney's position had two deciding factors: one political, the other personal. The political one is that the president wanted to take advantage of the current distancing from Ulysses Guimaraes' PMDB [Brazilian Democratic Movement Party], one of the main focal points of resistance to the measure. The personal argument is his promise to Minister Jose Hugo (who is gravely ill with cancer and away from the ministry), to sign the decree for the ZPE as soon as he returned from his trip to China. Mailson met with Acting Minister of Industry and Commerce Luis Andre Rico; on the same day, the points were agreed upon. "The decree-law, as it stands, is good," remarked Mailson, apparently convinced that, with the decision made, it was no longer worthwhile to continue to impose restrictions on the plan. Rico rejoiced: "With it, we shall stimulate the development of the North and Northeast regions."

### **Mutual Concessions**

One of the bottlenecks in the original MIC bill, which clashed with the Finance Ministry, was the possibility that business firms established in a ZPE would export their products with a zero income tax quota. MIC yielded, and it was agreed that the firms would have to pay 6 percent income tax on their sales abroad, the same amount paid currently by any Brazilian exporter. The Finance Ministry, in turn, compromised by agreeing that business firms established in the ZPE could remit profits abroad without taxation, as MIC had desired. Ultimately, the Finance

Ministry and MIC ended up adapting to authorization for the industries installed in the ZPE to sell part of their products in Brazil as well, one of the points most contested by business owners, who fear an inequitable competition from the ZPE because the prices in the free trade zones would be more competitive, owing to the advantages.

Initially, MIC wanted 25 percent of the production of the industries based in the ZPE to be able to be sold on the domestic market, a percentage that was too high in the view of the Finance Ministry. It was agreed that this would be reduced to 10 percent, and that the products sold in Brazil would have to pay a quota of the import tax, just like any imported product. The quota specified by MIC was 70 percent, and the Finance Ministry wanted 80 percent. A mean was opted for, and the rate was left at 75 percent. Nevertheless, the measure has evoked obvious controversy. The president of the Brazilian Exporters Association, Ingo Zadrozny, remarks: "The sale of part of the production on the domestic market could destroy already existing companies, because the free trade zone exporting firms will obtain far lower costs for their products." If the main idea of the whole affair is to create exports, ask the enemies of the ZPE, why open a loophole at the outset, and allow diversions to the domestic market?

Based on the current features of the plan, marking the 29 articles of the decree-law signed by Sarney, any business firm wishing to become established in a ZPE will have to request a permit from the Central Bank to invest. The final version of the decree, allowing mayors to petition for the establishment of a ZPE in their city, regardless of the desire of the state governments, is a blow to two PMDB governors who are steadfast opponents of the plan: Waldir Pires, of Bahia, and Miguel Arraes, of Pernambuco. Arraes comments: "The ZPE will deprive the domestic market of stimulation, and is an obsolete model for economic investment."

#### Dispute in the Municipalities

It is in Pernambuco, precisely, that one of the areas that the federal government considers most appropriate for a ZPE is located: the port terminal of Suape, 40 km from Recife. Opened in 1978 during the government of Marco Maciel, and built to be an industrial district, Suape has a good-sized infrastructure which is now being poorly utilized and, with the ZPE, it could finally start returning the funds invested there. Arraes is opposed, but if the mayor of the municipality of Cabo, where the terminal is located, requested the establishment of a ZPE, the project could materialize with or without the governor's approval. The same thing holds true in Bahia, where the Ilheus business owners want a ZPE, against the will of Governor Waldir Pires.

There are three other areas besides Suape and Ilheus with a great likelihood of becoming ZPE. One of them is Porto de Itaqui, in Maranhao, capable of receiving deep-draft ships, and the site where the iron ore from Carajas is currently shipped. Another area is the port of the town of Barcarena, 30 km from Belem, from which the aluminum exports from the ALBRAS [Brazilian Aluminum, Inc]-ALUNORTE [Northern Aluminum, Inc] project are currently shipped out. The third is the Manaus Free Trade Zone itself, where there are already 400 established industries, most of which

manufacture electronic products that benefit from import incentives. The planning superintendent for SUFRAMA [Superintendency of the Manaus Free Trade Zone], Manuel Rodrigues, remarks enthusiastically: "Manaus has all the facilities for being the site of the first Brazilian ZPE."

One of the arguments put forth by critics of the ZPE is, however, the very example of the Manaus Free Trade Zone, the initial purpose of which was to serve as an export enclave. According to those critics, everything in the Free Trade Zone has turned out the opposite: At present, it imports its equipment and components and sells its products in Brazil. The former director of the Bank of Brazil's Foreign Trade Department, Benedito Moreira, claims: "Manaus is the only export region in the world which operates inwardly." Moreira, now head of FUNCEX [Foreign Trade Studies Center Foundation], a foundation also associated with foreign commerce, goes on to say: "No one in Brazil wants to manufacture electronic products outside of Manaus any longer, because of the tax benefits. That's what will happen in the ZPE. The companies will transfer to the ZPE, and they will end up with the few industries established in the Northeast."

There are some who analyze the issue from exactly the opposite angle. Ambassador Jose Maria Vilar de Queiroz, an MIC advisor and one of those who devised the plan, claims: "Our goal is to attract foreign business firms and to stimulate the formation of joint ventures, giving an incentive for regional development and creating thousands of jobs." He maintains: "The spirit which inspired the creation of the ZPE lies in the policy of liberalizing the Brazilian economy. We are convinced that industry cannot continue to be protected as it has thus far, without the beneficial effect of competition; and that is what the established exporters and industrialists in Sao Paulo fear."

The business owners' fears and the heavy bombardment suffered by the ZPE plan to date have not ended with the signing of the decree-law by President Sarney. Now, the ZPE will have to be submitted to the Congress, which has a period of 40 days after its reading to assess the decree-law; if it is not discussed by the congressmen during that period, it will be approved based on expiration of deadline. One Finance Ministry advisor not yet satisfied with the decree-law remarks: "It is our hope that the bill will not pass in the Congress."

There is yet a second obstacle to the progress of the bill: The text of the temporary provisions approved in the first session by the Constituent Assembly suspends the effectiveness of all decree-laws in the promulgation of the new Constitution. In other words, if that article was maintained in the second session of the Constituent Assembly, the ZPE plan, which was signed by Minister Jose Hugo (who resumed office only to sign it and immediately requested another leave of absence), it could be stalled, even if the Government succeeds in approving it on the basis of expiration of deadline. Minister Jose Hugo, however, rejoiced. "Delay is combated with modern methods," he maintains. "The ZPE represent a palpable policy for solving the problems of the North and the Northeast over the medium term."

**Minister of Mines Reviews Energy Plans**  
33480205b Bogota EL ESPECTADOR in Spanish  
24 Jul 88 pp 1A, 8A

[Interview with Minister of Mines and Energy Oscar Mejia Vallejo by Ricardo Luna Cano]

[Text] If anyone in the current administration has blind faith in the consolidation of Colombian coal as an important source of foreign exchange and employment, it is Oscar Mejia Vallejo, the new head of the Ministry of Mines and Energy. Hence he can be dubbed "the minister with the faith of the coal man."

It was none other than Mejia Vallejo who baptized El Cerrejon "the Rolls Royce of the worldwide coal industry." In a dialogue with EL ESPECTADOR, he said that thanks to the present market situation, the financial support that should be coming from the Colombian Petroleum Enterprise (ECOPETROL), and a loan guaranteed by the U.S. Eximbank for \$170 million that Colombian Coal, Inc. (CARBOCOL) will sign with a private firm soon, CARBOCOL will be able to progress. By 1995 at the latest, it will begin to show a profit, he noted.

Guillermo Perry Rubio's departure from the cabinet came as a surprise to many. No one was surprised, however, at the designation of his replacement, who came to the ministry from CARBOCOL. As president of that entity, he had presided over the consolidation of the El Cerrejon deposit and the adjustments that had to be made to deal with the difficult circumstances that prevailed from its inception.

Mejia Vallejo will have to face the final rounds with the coastal politicians who have come out against the construction of the central gas pipeline of La Guajira. He will especially have to contend with some political leaders in that department, where gas deposits have generated 6 billion pesos in royalties since 1979 without yielding any benefit to the residents. Moreover, this department has one of the most inefficient public service systems.

He will also be in charge of defending the interests of ECOPETROL in the Council of Ministers. The minister rejected the notion of a dialogue with the guerrillas because, in his opinion, the purpose of these moves is to destabilize democracy. He emphasized, furthermore, that this government will not accept the method of blackmail.

The oil enterprise has seen its revenues plummet as a result of the wave of assaults on its installations, particularly against the Cano Limon-Covenas pipeline. It is expected, consequently, that its transfers for some official projects will be cut drastically.

In addition, it will have to continue the adjustment program in the electricity sector and seek financial resources to make sure it can achieve its goals despite the weakened economic structure of the electricity plants.

The minister thus responded to some of the concerns expressed by this newspaper:

**Central Gas Pipeline: Controversial Project**

[Question] Will Guajiran gas come to Bogota?

[Answer] Unless it is shown that there has been some error in the calculations made in the feasibility study, the gas pipeline will be built.

[Question] How much is the project worth, in the final analysis?

[Answer] In the beginning we estimated that the transportation system would cost around \$315 million. I can tell you, however, that five of the bids received for the construction contained prices lower than \$300 million.

[Question] And what about the reserves of the coastal deposits?

[Answer] The criticism that has been levied, especially by EL ESPECTADOR, reflects ignorance of this aspect. Dr Rodado is going by statistics that are out of date. The latest evaluation of reserves mentions 3,200 cubic gigafeet of natural gas which, with a consumption rate of 150 million cubic feet per day, would last for 20 years.

[Question] But won't the supply of gas to the coast be affected by the new demand that will emerge with the gas pipeline?

[Answer] Of the 3,200 cubic gigafeet, 2,200 cubic gigafeet is earmarked for consumption on the Atlantic Coast, which guarantees that all of the demand in that region will be met for the 20 years I mentioned. The remaining 1,000 cubic gigafeet will be allocated to the other areas of the country. In addition, the studies that have been conducted reveal that transporting this latter quantity to the interior to replace more costly fuels would result in a savings on the order of \$2 billion over the term of the project.

[Question] Was the Villanueva pact with the Guajirans violated?

[Answer] On the contrary, what has happened is the irrational use of royalties. No one can explain, for example, how the department could have received transfers of some 7 billion pesos from gas and yet lack the capital for basic public services. On my last visit, I offered my cooperation in obtaining more government attention to that territory. The indigenous population that lives around the Tinka I well will see its demands met soon.



### Refinery in Puerto Salgar

[Question] How much has ECOPETROL lost as a result of the attacks?

[Answer] The enterprise's cash flow was cut by \$280 million in the middle of this year as a result of the actions by the subversives. This will have a heavy impact on profits and on transfers to the programs that ECOPE-TROL has been supporting, such as the National Reha-bilitation Plan.

[Question] Could you be more explicit about the trans-fers?

[Answer] The oil-producing regions have lost practically a year of revenues due to the halt in production. The popular mayors based their plans on the assumption that they would receive royalties. But when you don't pro-duce crude you don't get any fees, so now they have been forced to postpone projects that had been given top priority. Contributions to the projects of the National Rehabilitation Plan, which are sustained by our profits, could be in a similar situation.

### ECOPETROL and Investment Targets

[Question] Will ECOPETROL meet the investment tar-gets it set previously?

[Answer] The goal is to attain the objectives with regard to prospecting for oil, and every effort will be made to meet them. This is our intention, and it may be backed up or modified by the president of the republic. The government is convinced that prospecting is necessary, given the potential returns on any deposits that may be discovered.

[Question] When and where will we have a new refinery?

[Answer] At this time ECOPETROL is drawing up the specifications for a competitive bidding process in which the firm will be chosen to do the basic engineering. The new refinery will be within the jurisdiction of Puerto Salgar.

[Question] Has ECOPETROL's marketing capacity improved on the international market?

[Answer] Undoubtedly. Although we are still selling a lot to middlemen, we are promoting a campaign to directly supply fuel oil consumers. In the United States we have participated in bidding, and we have made contact with European users to seek long-term contracts.

### Economic Situation in CARBOCOL

[Question] How do you assess the current situation on the coal market?

[Answer] The prospects are good. The fall in prices forced many mines to close in producing countries, and enabled El Cerrejon to emerge as a major world-class seller of coal. We moved from the glut of 2 years ago to a situation of excess demand, as evidenced by all the contracts with options to raise the volume of purchases.

[Question] And what about CARBOCOL's sales?

[Answer] We have already sold what we projected for this year, and we are assured of selling 80 percent of our 1989 production. We are selling at a good price. This may keep growth at a normal rate.

[Question] What is CARBOCOL's financial situation like today?

[Answer] It is difficult, but we are confident that the available alternatives will enable us to avoid a deficit this year and in the coming years.

[Question] And what are those alternatives?

[Answer] Next week we will sign a loan for \$170 million that was guaranteed by Eximbank with the Private Enterprise Funding Corporation (PEFCO) for the pur-chase of equipment. We also expect to culminate soon the subrogation of \$515 million of our (ECOPETROL's) debt, for which we are studying a formula. In addition, we are confident that we will be able to obtain fresh money amounting to some \$100 million a year during the 1990-1994 period. This will enable CARBOCOL to reach a point of equilibrium in 1995.

[Question] And the finances in the electricity sector?

[Answer] The adjustment program that has been imple-mented there has yielded quite positive results on the financial front for the electricity plants. This week a mission from the World Bank is in the country to see whether the goals have been met, and I think that our effort will be rewarded with guarantees for new loans.

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### Compensation Requested for Gas Development in Guajira

33480205a Bogota EL ESPECTADOR in Spanish  
14 Jul 88 pp 1A, 11A

[Unattributed article: "Guajirans Call for Benefits in Exchange for Gas"]

[Text] The industry, commerce, and banking sectors of Guajira have been demanding more attention from the national government to deal with their problems in the areas of water, sewerage, health, and education in exchange for the project aimed at bringing natural gas from the deposits in Guajira to the center of the country.



The Colombian Petroleum Enterprise (ECOPETROL) has filed a report on its work in the region as the owner of the largest gas deposits in that coastal department.

In addition, the president of Promigas, Guido Nule Amin, stressed that the central gas pipeline will not use up all the resources deposited in the subsoil. On the contrary, he noted, as indicated by the prospecting now being conducted by ECOPETROL and Texas, the guarantee of sufficient demand (which will be assured by the gas pipeline) will make it imperative that more decisive measures be taken to seek new productive wells.

After Social Conservative Congressman Guillermo Curiel Sierra called upon the minister of mines and energy last 9 July to find a solution to the basic problems that plague his constituents, as a prerequisite for backing the construction of the gas pipeline, the three sectors of that territory rallied around their fellow Guajiran.

In a letter addressed to the president of the republic, the civic and political leaders asserted that "the department will not permit the construction of the central gas line if we do not first see the realization of our just aspirations for development and the fulfillment of our needs for public services."

While conceding that the nation must exploit and market its natural resources, they emphasized that it is incumbent on the government to provide solutions to the problems that afflict the regions where these resources are found.

#### Gas for a While

The president of Promigas, Guido Nule Amin, explained that at no time has anyone forgotten that natural gas is a non-renewable resource, or that the inhabitants of the Atlantic Coast, and Guajirans in particular, should have priority as users of their own natural resources.

According to his estimates, the decline in consumption that will take place when gas finally replaces coal in the power plants of the coastal region, and the second 500-kw connecting line is put into operation, will make it possible to keep the exploitation of the coastal deposit at a level that will rule out any shortages in the medium term.

All of this is part of an energy program that is coordinated by the central government, but that has the participation and support of the representatives of the various entities in the sector.

He stated that it is necessary to make the availability of resources compatible with the obvious needs that exist, pointing to the contrast between the presence of a major source of fuel and the fact that a significant number of

families are now forced to spend much more on electricity than the worldwide average, including the figure for many countries with a level of development similar to ours.

Spokesmen for ECOPETROL, in turn, emphasized the measures the government has taken to benefit Guajirans through their agency and other government bodies. Here is a list of the measures cited by the oil enterprise:

- Construction of the Riohacha-Maicao gas pipeline for 770 million pesos. The 76-km-long pipeline should be ready next December, and will carry 1.2 million cubic feet of natural gas per day. It will supply household needs, and will be operated by Guajira Gas. It is expected that the Maicao City Hall will cede the land that has been chosen as the site for the receiver station.
- Uribia-Manaure Road: ECOPETROL is executing this project directly. The 20-km-long road is being built at a cost of 430 million pesos. It should be ready by November 1989, and at the same time, two deep water wells will be drilled to meet the needs of the project and of the people in both municipalities and neighboring towns.
- The National Electricity Financing Institution has extended a loan of 700 million pesos for rural electrification. Such projects have been under way since 1987.
- The Riohacha aqueduct was one of the projects included in the plan to invest 1.5 billion pesos in advance royalties, which was signed in April 1987.
- Also last year, royalties were recalculated, and as a result Guajira ended up with a positive balance of 1.327 billion pesos that is now coming in.
- ECOPETROL provided Guajira Gas with 40 million pesos in capital.
- The region earned close to 700 million pesos from its deposits in the initial months of this year.

#### Community Aid

Among the programs advanced by Community Aid in this region is the assembly and operation of a solar-power seawater desalinization plant, which will serve 200 Indian families. This plant will be the point of departure for finding alternatives to solve the population's drinking water problems.

In addition, efforts are being made to recover 39 windmills, which are important for obtaining potable water and for utilizing some arable land. Schools and health clinics have also been built. According to the state agency, so far it has spent more than 7.5 million pesos on aid to the communities.

Some new investments now being executed include the projects of the Villanueva Act, which was signed in April 1987. These projects involve the drilling of the Tinka-I and Almirante-I wells and the prospecting in the sea of Guajira by Texas, among other things.

It is estimated that some 30,000 families in the department will benefit from the central gas pipeline in its initial stage.

08926

**Rehabilitation Plan Programs for Indians Studied**  
*33480206b Bogota EL ESPECTADOR in Spanish*  
*27 Jul 88 p 1A4*

[Unattributed article: "Indian Policy, a Success"]

[Text] Bogota—The general statement could be made that the Indian policy pursued by the Barco administration through the National Rehabilitation Plan (PNR) has been positive for 65 percent of the 450,000 Indians included in the so-called "rehabilitation zones."

At least this is what we can gather from a quick look at the 1987 budget for credit and social development in that sector, which is close to 900 million pesos. About 700 million was spent primarily in Cauca under a program that, although it did not follow a formal planning approach, enabled many Indians to obtain low-interest loans to start growing food on their land.

In 1988, however, things are different. At present there is only 200 million for loans and Indian development, even though 2.865 billion pesos have been approved for PNR land purchases.

Patricia Cleves, a presidential adviser, contends that the primary objective of the strategy, besides strengthening both the regional and national authorities and Indian organizations, "is to respond to the Indians' requests, guaranteeing them the right to the territory and awarding them new lands. We are also concerned about the need to respect their culture and to have their rights, as enshrined in Indian legislation, recognized."

**Reservations**

What has been accomplished so far shows that certain goals have been achieved. Over the past 2 years 26 reservations have been established in rehabilitation zones. As for the expansion of the reservations and the awarding of lands, 35 pieces of property have been handed over and a reservation is being set up in Arauca. The Coreguajes were given a 1,200-hectare piece of land in Caqueta. More than 90 have been awarded in Cauca, 8 in Cordoba, 10 in Narino, 4 in Norte de Santander, 5 in Tolima, and last 23 April, in the presence of President Virgilio Barco, the Putumayo estate was handed over to the communities in the zone. To this must be added the close to 36 million pesos that the PNR has spent on improvements.

Culturally and socially, the plan seeks to develop ethno-educational programs with the Education Ministry, to which end 30 million has just been appropriated. In the field of health care, support is being given to programs

for training community action workers and to clean up the environment, in keeping with the conditions in and characteristics of the communities.

Another salient aspect of Indian policy is that it guarantees respect for the communities' culture and rights. "Indian legislation," Patricia Cleves contends, "is practically unknown to civilians and military personnel. Therefore, one of our objectives has been to publicize it." Hence, many Rehabilitation Councils have promoted meetings between Indians and army and police officials to address this issue, as has been the case in Cauca, Narino and Tolima.

**Seeking What Is Appropriate**

Another of the PNR's successes in this field has been to regard the indigenous communities as direct representatives vis-a-vis the government. With the creation of new representative bodies the communities now have more control over decisions about plans and projects that affect them. This approach is currently being implemented through the Rehabilitation Councils in the Andean zones and through the Committees of Authorities in the traditional zones.

Indeed, the diversity of indigenous communities has forced the government to seek an appropriate body for each group. According to Patricia Cleves, "the same mechanisms cannot be used in all cases. In Cauca, for example, this approach can be taken with a Rehabilitation Council, inasmuch as there is a very strong organization, but the same does not hold for the Cuibas in Arauca, who do not have the same degree of organization vis-a-vis the State."

Since the main problem in many communities is not a lack of land but what to do with it and how to make it produce, the PNR has drafted a "Plan of Production Programs." According to Dr Cleves, "along with whatever land is awarded, incentives ought to be given for production and consumption so that surpluses can thus be generated, especially in the communities that are linked in a market economy."

**Victims of Violence**

The indigenous communities have been "buffers" in the violent conflicts that are going on in various areas of the country. The desire of political movements to gain ground in the Indian organizations and the confrontations between the guerrillas and the army have made the struggle for their own autonomy a deeply felt need.

Historically, certain guerrilla movements have tried to exert some degree of influence in the indigenous communities. They have had trouble penetrating, though. The underlying conflict of interests always winds up

surfacing, and antagonistic relations are the upshot, as between the Indians in Cauca and the FARC. The resurgence of Quintin Lame, an Indian self-defense group, proves this.

It first emerged as a response to the violence perpetrated in northern Cauca by the "Pajaros" [birds] and reorganized in 1980 to defend against abuses by the FARC. Today they are offering a peace proposal for Cauca in which, among other things, they call for the demilitarization of Indian and peasant zones both by the government forces and the guerrillas.

### More Than One Massacre

In any event, a pyramidal Indian organization, with well-defined hierarchies, has facilitated the political penetration of Liberals, Conservatives and guerrillas in the indigenous communities; its head is visible. In areas like Narino and Putumayo, political bosses are obviously manipulating the Indians.

Owing to this complicated situation the Indians have always been the primary victims of the crackdowns undertaken by the army, which often calls them "collaborators of the guerrillas." Many leaders have fallen, and many Indians have been slaughtered. We can recall the slaying of Gilberto Motato in Riosucio, Caldas; of Oswaldo Teran in Cordoba; the repression of the Guambianos; and the disappearance and death of one of their most important leaders, Juan Tunumbala, as well as the murders of Indians in Portachuelo, Cauca by police and the crackdowns by the army in guerrilla areas in Arauca, Cauca and Caldas.

The degree of politicization is obviously closely linked to the organizational capacity of each community. If there is a strong organization, the chances for negotiating with the government improve. It is no accident that the government has spent the most money for Indians in Cauca, where the country's strongest organization exists: the CRIC [Cauca Indian Cooperative].

In any event, protests by the Indians have intensified steadily in recent years. The proof is the marches by CRIC in Cauca in 1986, by the Tunnebos in Arauca, by the Cumbal Indians in Narino and the one in San Andres de Sotavento in Sucre, as well as the takeover of the INCORA offices in Medellin.

The fact is that this policy reveals a new indigenist ideology that has not just recognized these communities as valid representatives vis-a-vis the State but has also made them an integral part of the rehabilitation plan.

But there are still difficulties to be ironed out. It is a fact that the benefits that the Indians have received in many areas, like Cauca, have created frictions within the peasant population, which although beset by the same

needs is not getting equal treatment as far as loans are concerned. Moreover, some members of CRIC have complained that the loans have been granted to individuals, not to communities.

In conclusion, we should note that in light of the new municipal reform the indigenous communities appear out of step, as they have two authorities: the traditional one and the popularly elected mayor.

In any case and as events have shown, the PNR's Indian policy is an innovative and positive development for communities that have been excluded ever since the conquest.

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### Status of National Rehabilitation Plan Evaluated 33480206a Bogota EL TIEMPO in Spanish 26 Jul 88 p 3A

[Article by EL TIEMPO feature writer Alberto Medina Lopez: "There Is Not Enough Money for So Many People"]

[Text] In spite of its good intentions, the program to combat violence in 298 Colombian municipalities has become entangled in bureaucracy and the bullets of war.

The National Rehabilitation Plan, which was created to douse the fires of violence, has not succeeded in securely reaching the flame-scorched areas. Its philosophy, to combat subversion through the presence of the government, has never been put into practice.

During the administration of Belisario Betancur the priority was to indemnify with infrastructure the municipalities that had been victims of violence. Virgilio Barco has incorporated areas of abject poverty into the plan. Nevertheless, the theory has not changed: "Poverty begets violence," as the experts on violence say.

The 298 municipalities involved in the rehabilitation program have lived more off of their own expectations than the plan's accomplishments. A study by the Research Center for Development (CID), which covered the past administration and the start of the Barco administration, confirms this.

Today the promises still outstrip the reality. The peasants complain that the government is not there. An EL TIEMPO correspondent sent to Puerto Nare, Antioquia, one of the places hardest hit by violence and given the most consideration by the PNR, saw for himself that the peasants still see power lines over their heads but do not enjoy any of the benefits of electrical energy. The PNR promised them rural electrification a year ago, though.

Arnoldo Falla Manrique, this paper's correspondent in Villavicencio, said that the peasants of Mapiripan, a district in the municipality of San Martin along the

border with Meta and El Guaviare, complain that the PNR has not reached the areas in which problems of public works, education and health care have gotten worse.

#### **PNR Amid Bullets**

It is in the areas of longstanding violence, however, that the reality of the plan is at its starkest. While crime is on the rise, the government's plans are barely getting off the ground.

In Caqueta, for example, violence refuses to leave. The crime trend line declined in 1986 but rose again in 1987. According to the Center for Criminological Research, there were 115 homicides in 1986, while personal injuries were up by almost 200 cases.

In 1987, crime had political overtones: 30 Liberals, 20 members of UP [Patriotic Union] and a considerable number of Conservative leaders were murdered. And these figures exclude common crimes.

Rehabilitation and peace started off hand in hand in the department. But violent incidents wound up pulling them apart. Tensions waned while the bands that had signed the peace treaty abided by the truce.

The militarization of the zone and a FARC ambush of a military convoy in mid-1987 put an end to the apparent calm. The situation has not changed since then. Today three FARC fronts and an M-19 stronghold are in operation, and Caqueta has a military governor.

The plan's priority in this department has been the construction and maintenance of roadways. At present the Neiva-San Vicente del Caguan section of the Jungle Border road is under construction.

Given all of the good intentions and the obvious frustrations, it could be too early to hazard an assessment of the plan in Caqueta. As Eduardo Wills, the planning chief in charge of running the PNR, said, "it is impossible to eradicate in a year and a half the reasons for age-old violence in Caqueta."

#### **Bananas and Guns**

Violence is still on the loose in Magdalena Medio as well. According to the Research Center for Development, the PNR in this region has not been enough to dispel the causes of violence. The crisis takes the form of land shortages and unemployment.

The mayor of Puerto Nare, Didier Esther Sarmiento de Vasquez, told EL TIEMPO's Investigative Unit that "the plan would work if the money were handed over on time."

There, as in almost all of the places ravaged by violence, the government's presence has been reduced to militari-

zation of the zone. The most important project that the PNR is pursuing is the main highway through Magdalena Medio. Almost all of the construction work has been contracted out. "These are projects that cannot be viewed in the short term. They are projects for the future," said Eduardo Wills.

The municipalities of Uraba also move to the strains of a plan that is slow in coming. The situation is not changing. In spite of the PNR, violence is worsening in this region. There were 100 murders during the first 3 months of the year.

The presidential adviser for peace, Rafael Pardo Rueda, declared last January that in 1987 close to 5 billion pesos had been spent to attend to priorities in the zone.

Nonetheless, the living conditions of the banana workers in Uraba are the same as yesteryear's: housing problems and labor disputes.

The government began to make its presence felt in 1985 when the Voltigeros Battalion arrived. As in other regions of the country, the priority has been militarization.

The PNR had not yet reached Uraba when the CID conducted its study, even though it was included in the program. Today, its presence remains weak for the same old reasons: the budgetary funds do not come through.

Even though Uraba has been given "priority" status, conditions there have not only not improved; they have even worsened. According to recent statistics, extortion and death threats are the order of the day. So far this year, INCORA [Colombian Institute of Agrarian Reform] has received 24 offers to sell properties totaling 12,142 hectares, of which it has bought only 2,707 hectares.

For example, Apartado, the most important town in Uraba, is far removed from the government and its main work program: the PNR. In 1987, the Ser Research Institute regarded this Antioquia town as one of the most violent municipalities in the country, along with Anori and Mutata, which are also in Antioquia.

In spite of the National Rehabilitation Plan and the expectations that it has created, the wretchedly poor subsist amid the stark contrast of absolute wealth and absolute poverty.

#### **[Box p 3A]**

#### **Figures and Obstacles**

The National Rehabilitation Plan is a minotaur in its labyrinth. The corridors of the Treasury are preventing funds from being received on time to meet the needs of the municipalities involved in the program.



"The budget problem is a problem of the Colombian Government, because red tape makes spending money difficult," asserted Eduardo Wills.

Interest in the plan has also gone through phases. Scheduled investments have declined over time. Whereas in 1983, when work began, the budget totaled 14.255 billion pesos, by 1986 it stood at just 11.239 billion.

And as the budget shrank, so did the amount spent. Whereas 9.153 pesos billion was spent in 1983, by 1987 outlays stood at 7.076 billion. The poorest year in terms of projects was 1983, with 3.756 billion pesos.

In 1986 the PNR covered one-fourth of the nation's territory, and its funding accounted for just 4.9 percent of government spending that year. By 1987 the funding was up, but budget items from that year are still being spent. "This year we are spending part of last year's money, not because of inefficiency but because an investment lasts more than one budget period," Rafael Pardo told EL TIEMPO.

But the plan's shortcomings do not boil down just to the raw material of progress: money. The plan's priority has been for INCORA to buy land for the poor peasants. Extortion, kidnaping and crime have helped an unwitting INCORA.

Under the PNR system 102,631 hectares have been purchased. The land has been awarded to many peasant families, and it is precisely here that another labyrinth has been created. The freeze of government agency payrolls since 1983 has hamstrung PNR activities. The extension workers or technical assistants of INCORA and the Agriculture Ministry used to handle 7 customers; now they handle 70.

"We still have half the country to attend to and we have the same staffing," Maria Teresa Amaya, the plan's coordinator in the Agriculture Ministry told EL TIEMPO's Investigative Unit.

8743

### Details, Implications of Rapid Population Growth Rate

33480199 Quito EL COMERCIO in Spanish  
22 Jul 88 Sec C p 16

[Article by Carlos Julio Armanza of EL COMERCIO editorial staff]

[Excerpt] Guayaquil, 21 July—The rapidity with which Ecuador's population will be growing in future years will be determined by the extent to which changes take place in its birth and mortality rates. If both remain constant at their present levels, or if both decline to the same extent, a growth rate of 2.9 percent will double Ecuador's population every 24 years, so that by the year 2000 there will be 14 million of us inhabitants, and by the year 2008 [as published] our population will have doubled 4 times.

It is interesting to note that the 1980 growth rate worldwide was 17 persons per 1,000. A study of the figures for the developed countries and of those for the lesser developed countries shows a notable difference: The population of the developed countries grew at a rate of 6.8 persons per 1,000, versus a rate of 20 per 1,000 for the lesser developed countries, attesting to the difficulty the latter are having in satisfying their basic needs.

In the Latin American sphere this growth rate was exceeded, with an increment of 23.8 births per 1,000 inhabitants, added to the already existing population. And the Ecuadoran case exceeded all expectancies, with a birth rate of 28.7 persons per 1,000, resulting in a higher growth rate than the average for Latin America.

Clearly, the Ecuadoran population has grown at an accelerated rate. This trend has outpaced the country's real ability to satisfy the needs of its inhabitants, and this has given rise to a number of economic and social problems.

A few examples will suffice to illustrate the situation:

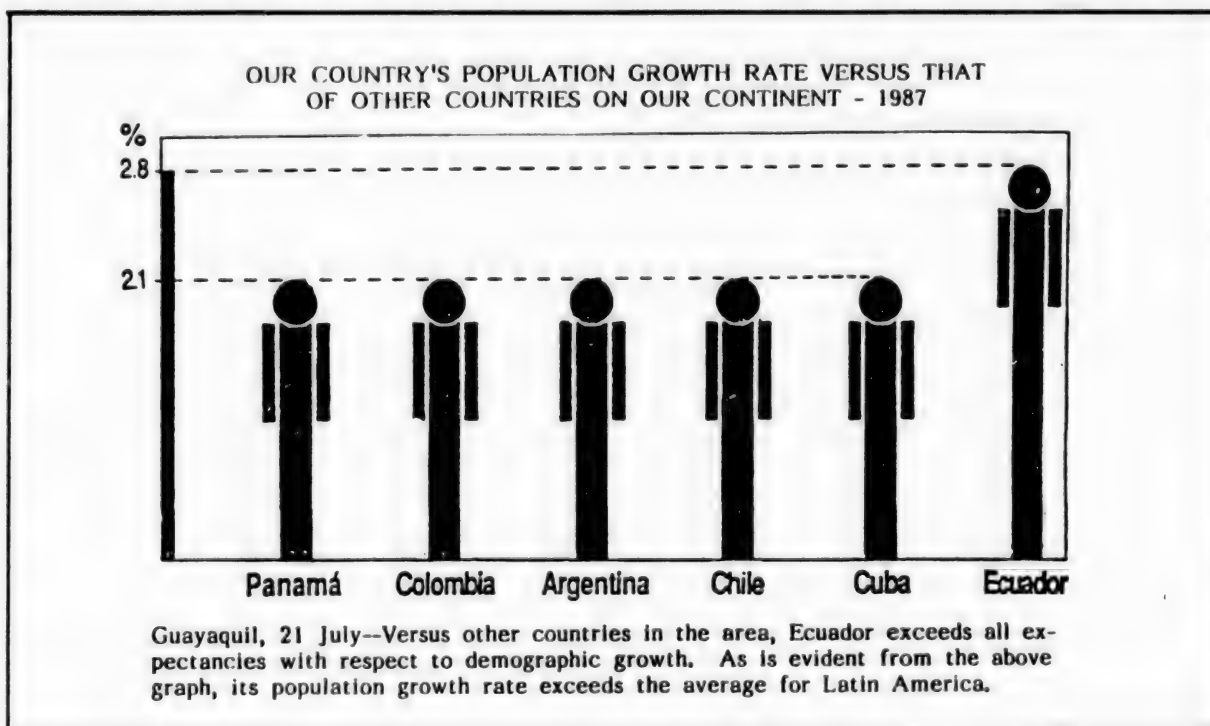
- An infant mortality rate of 66 per 1,000 born live, which is higher than that of many Latin American and not comparable with that of developed countries;
- a dependency ratio of 85 per 100 persons of active working age;
- an illiteracy rate of 14.5 percent, with that among women in the rural areas having attained 28.5 percent;
- insufficiency of housing, electricity, potable water and sewerage.

In light of the foregoing facts and figures, it is clear that a slowing of our population growth is in order. Unless suitable steps are taken, the consequences can be very painful for our population and for government authorities as well.

Will we be able to satisfy our needs by the year 2000, at which time we will number 14 million inhabitants?

### Ecuador's Population Growth Problem

According to a CEPAR report, in its reference to the constant growth of the Ecuadoran population, Ecuador



has added to its population over 225,000 persons each year, or 700 per day, or one additional person every 2 minutes. If the country's population continues to grow at this rate, by the year 2010, it will have doubled:

Births	300,000 babies
Deaths	53,000 persons
Difference or increase	247,000 persons

In conclusion: High birth rates, the result of structural factors, versus ever lower mortality rates, are accelerating our population growth.

The rising growth of our population is being accompanied by a decline in our mortality rates. How does one explain this paradox?

The answer is to be found in a vast increase in the number of women in the reproductive age group, and this in turn is the result of two factors: The first is the traditional high fecundity of the Latin American woman of past generations, and the second is the rapid decline of mortality as a positive result of public health programs. Every day, more children are reaching adulthood.

As a result of the high fecundity and of a rising life expectancy rate among women in the 15-49 age group, who totaled 39 million in 1950, this group increased to 64 million in 1970, and will total 113 million in 1990 and 169 million in 2010. Women are having smaller families, but there are many more women, and the number of annual births is continuing to rise. The number of births in 1990 [as published] was 7 million; in 1970 it was 10 million, and in 1990 it will attain an estimated total of 13 million.

The present rise in the young adult population is expected to continue through the year 2010. The implications are far-reaching. This growth has placed and will continue placing an enormous strain on the Latin American labor markets. This strain is being exacerbated by the rising number of women entering the work force.

### Economically Active Population

The study of the composition of the Ecuadoran population yields new insights and leads to questions and uncertainties. For example:

How many persons who do not work because of their young age are dependent upon every 100 persons of working age?

How many persons of advanced age also depend on every 100 persons who work?

To answer these questions the demographers use a measure called the rate of dependency, which yields a figure representing the number of dependent persons per 100 persons of working age.

In 1900, Ecuador had 1 million inhabitants, and in 1935 its population reached a total of 2 million. This means that at the beginning of the century, our country took 35 years to double its population. On the other hand, between 1962 and 1987 the population increased from 4.5 million inhabitants to 10 million, meaning it only required 25 years to more than double.

This confirms Ecuador's accelerated population growth since 1930.

We know that a country's population growth is determined by the number of births, less the number of deaths and the net result of emigration and immigration.

In the case of Ecuador, the important factors are its birth and mortality rates, since international migration introduces no factor of any significance.

Its birth rate began this century to exhibit high and constant levels until the end of the 1960's. Recently, during the past decade, it showed slight declines.

Presently, our birth rate is 35.4 per 1,000 inhabitants, versus the 49 per 1,000 rate of the 1920-1934 period.

The general mortality rate, on the other hand has shown sizable declines during the past more than 60 years, such that it has dropped from 29 deaths per 1,000 inhabitants in 1920 to 7.6 per 1,000 as of 1987.

Consequently, our country's population growth rate is currently 2.8 percent. This rate, however, is still high as compared to that of other countries on our continent.

**Camacho Solis Offers Assurances on Reforms**

32480197 Mexico City EL DIA in Spanish 3 Aug 88 p 2

[Text of address delivered by Manuel Camacho Solis upon his election as PRI secretary general at PRI Special National Council, 2 Aug 88; for initial report, see FBIS DAILY REPORT: LATIN AMERICA of 3 Aug 88 (FBIS-LAT-88-149) p 10]

[Text] My colleague and friend, Jorge de la Vega Dominguez, the chairman of our party's National Executive Committee (CEN);

My colleague Humberto Lugo Gil;

Don Fidel Velazquez, secretary general of the Confederation of Mexican Workers (CTM), with whom we have a political relationship that we value so highly;

Blas Chumacero, secretary of worker action of the National Executive Committee;

Professor Hector Hugo Olivares Ventura, secretary general of the National Peasant Confederation (CNC);

Guillermo Fonseca Alvarez, secretary general of the National Confederation of Popular Organizations (CNOP);

Messrs chairmen of the State and Federal District Steering Committees;

Ladies and gentlemen:

It is a supreme honor for me to assume the post of secretary general of the National Executive Committee of the Institutional Revolutionary Party at a time when Jorge de la Vega is heading our party's efforts. I fully appreciate the significance of the fact that it was the Worker Sector that nominated me at this Special National Council.

I salute Humberto Lugo Gil, an activist with exceptional experience as a representative of the people and of sectors, who has served in this leadership position with loyalty and clear political judgment. My recognition goes out to my friend Humberto Lugo Gil.

I have come to carry out my decision to further the unity of PRI members, to support the regrouping of our forces and to join in the immediate political tasks. I have come to be part of the collective effort that must lead to the renewal of our political institution.

PRI members are demanding a sure and steady course at the moment. The millions of activists who took part in the electoral process know that through their efforts we were able to recapture difficult positions, to maintain our presence or to defend the vote in adverse regions.

They want us to wage the democratic battles of the coming weeks with intelligence and resolve. They want the party to be the place where we all engage in politics.

**Setting Aside Minor Interests**

The party has large reserve forces. Yes. Now is our time for political combat. The members of PRI want us to set aside minor interests; they want the men of experience and the men and women who want to become involved in the renewal of our organization and in the democratic transformation of political life, to work for their party. Now is the time to join forces, to open the party's doors. PRI is opening its doors to all of its activists and sympathizers, as well as to the broad segments of society that identify with our agenda.

We are aware of the mandate for change that our party has received and we realize that a major part of the PRI electorate has sent us a message. We will take it into account in our policies and actions. We will heed their concerns with sensitivity and realism, in social matters in particular, because we are determined to remain the country's majority party: the party that effectively embraces the defense of our sovereignty and the need for economic growth with greater social justice, the party that calls for reforms of our political system to strengthen our democracy.

**Strengthening Our Political Identity Is the Most Important Thing**

In difficult times the most important thing is to strengthen our political identity. The strength of our organization and of our proposal comes from a practical ability to settle conflicts and from our commitment to the basic issues that gave rise to the Mexican Revolution: the issue of democracy, the social issue, the national issue. PRI has been the standard-bearer in the defense of our sovereignty, in the improvement of the population's social conditions and in the defense of liberties. Our founding principles remain fully alive.

The modernization that Carlos Salinas de Gortari heads means precisely bolstering our independence and invigorating our economy in a stable and lasting way. Only thus will we meet the employment needs of young people and lend lasting support to the democratic reforms.

To us the reform and renewal of PRI is an integral part of the country's modernization, of the nation's democratization. Unless we bring ourselves up to date, we will lag behind the changes that are taking place in the country and in the world and we will forfeit our role as guides of development, in accordance with the principles and goals of the Mexican Revolution, the role that gave us life as a party and that has consolidated the nation.



Keeping our original political aims current means adapting our political practices and strengthening our organization. We must consolidate the involvement of the organizations of workers, peasants, teachers, public servants and the urban population and also bring back the middle classes.

Let us gain the confidence of young people. Let us open to them the doors of a clean, worthy politics, of a politics of service, of spurring change.

Politics is principles, the recruitment of personnel and organizational capacity. We have all that: what is needed to consolidate our internal strength and unity; to quickly bring together the finest PRI personnel for immediate tasks; to set our organization in motion. We have everything we need to prepare the guidelines that will lead to our internal renewal. We have everything we need to focus on the great task of again scoring an electoral victory in regions as important as the Federal District. To accomplish all this we must start from a very clear view of the current moment, of the difficulties that we have before us, and realize that we will have to show great political dedication.

#### **Guarantees for All Forces**

Of course traveling the path of democracy implies guarantees for all forces, beginning with our own. There can be no reforms against PRI, against party unity. The reforms will be effected with us and on the basis of our strength.

Our revitalization must seek to maintain and rebuild the alliance of classes and social sectors under the new conditions of international economic competition and of the transformation of our economy.

PRI must continue to be a political movement and a social alliance. At the same time, we must strengthen and re-create the party's rank and file organizations: in their electoral activities and in their ongoing existence.

Modernization must serve social justice, the masses. When politics is not practiced for society, it ceases to be politics.

It is vital that we reach out to society, that we practice the politics of open doors, open to all, not just to the members of PRI but to society at large. We are going to practice the politics of the masses; we are also going to practice civic politics.

We are an open party, but a disciplined one, a mature organization.

In the democratization of the party's life the most important thing will be an ongoing flow of information and expression of concerns, not just from the leaders of the rank and file but from the rank and file to the party leadership.

In the modernization and reform of PRI one of the essential points will be relations with the government. Our party must be a major representative of society and a permanent and living bridge between society and government. In other words, PRI must express the demands and desires of the masses, their worries and their protests.

#### **We Must Build a Democratic Dialogue**

Our party will face new challenges in Congress. We will be called upon to defend, with conviction, our political position in the Chambers of Deputies and Senators. We must build a democratic dialog with the opposition. We will thus create possibilities of common ground, understanding and even alliances on one or another item on the national agenda. We will be called upon to head up the renewal of the Legislature.

We will always seek consensus, without compromising leadership. If consensus is sought at all costs, it can turn into a veto right for small groups or into a loss of leadership. Therefore, consensus must be sought whenever and wherever possible, realistically, and provided that it furthers the best fulfillment of the democratic mandate that the citizenry has given us.

We will undertake the renewal of our organization with calm, bearing in mind political realities, with clear ideas, with honest intentions. We must chart our course and gauge our timing among all of us.

We will always struggle to strengthen the democratic system, in its institutions, to comply with its rules and to demand that they be complied with. We must accept criticism but reject the practices that weaken the democratic process. We must not forget that freedom in a country will always mean freedom to think differently and that the Mexican Revolution began precisely for that reason, to allow this. We must defend democracy in earnest.

We have had a competitive election, because a pluralistic society has found the channels through which to express itself. It is only fair to express gratitude to President Miguel de la Madrid, who in recent years has led the country with tolerance, settled differences and promoted the national renewal and the legal changes that allow for the improvement of political representation.

Under our laws the nation has taken a step forward. We must see the trend, without failing to acknowledge what we still must overcome. The way to settle electoral disputes is through institutional channels and in accordance with the rules that govern us all. For our part, we will abide by the resolutions of the appropriate bodies. We are going to report to the nation on the substance and meaning of each of our victories, in particular of our candidate for president of the republic. We are also going to analyze critically the instances in which we lost.

We will uphold our victories and we will acknowledge our defeats, in accordance with the law. We demand the same of our opponents, for the good of the republic.

Ladies and Gentlemen:

On 6 July the people of Mexico voted for more democracy and against radicalism; they voted for economic growth and against extreme inequalities; on 6 July the people of Mexico reaffirmed their nationalism.

The immediate task inside the party is to set our organization in motion to consolidate the electoral triumph of our candidates.

As far as the opposition is concerned, we are going to do battle, but with a clear-cut democratic approach. We must not forget that democracy hinges on mobilization and the ballot box but is channeled and consolidated through institutions; it cannot be practiced outside the rule of law.

Our commitment is to the rule of law. The rule of law must not be a pretext for constraint, for preventing change; nor must it be invoked, however, as part of a scheme to undercut the law.

We members of PRI know that disputes can be settled only through political channels and firm principles. We know from experience that the struggle for democracy has nothing to do with the breakup of the social order, that a divided country is a country in which democracy is not viable. The political purpose of the nation and of our sovereignty has been to overcome internal division. Let us start from this experience and from institutional realities.

At present, in the face of a democratic transition that we will have to build and consolidate in the coming years, we members of PRI will continue to embrace politics as an opportunity for responsible change, debate and foresight, because our pragmatism is based on and justified by our ethical and political commitment to the nation.

Let no one forget it: we have the capacity for initiative and reform because we have a longstanding and deep-seated commitment to the republic.

As our triumphant candidate for president of the republic, Carlos Salinas de Gortari, has asserted, we are agreeing to a new political life with a mandate for change.

If we are capable of struggling for what we believe in, of doing what we must do, of rising to the occasion, this will have been the election that afforded PRI a great historical opportunity. And so it will be.

### **Military, Civilian Political Preferences Found Similar**

32480198 Mexico City PROCESO in Spanish No 614,  
8 Aug 88 pp 17-19

[Article by Oscar Hinojosa]

[Text] An exceptional event for countless reasons, the general elections of 6 July revealed a partial cross section of the military vote, which showed the same trends as the Mexican electorate at large. There are PRI, Cardenas and PAN [National Action Party] voters alike in the Armed Forces, in proportions that reflect the nationwide strength of the three forces that dominate the political scene.

The military vote has hitherto been regarded, because of tradition or inertia, as an enigma, and analysts of political and social phenomena have barely explored it. Yet a look at the returns from the military polling places (those at which members of the Armed Forces were the predominant or majority voters) permits this assertion: the soldiers divided their sympathies between Salinas and Cardenas above all but also showed support for PAN's candidate Manuel Clouthier.

This is a reflection of Mexican society's pluralism in the Armed Forces.

A random sample taken in the towns in which PROCESO has correspondents shows alternating victories for Salinas and Cardenas at the polling places covered.

In Oaxaca, the headquarters of the 28th military zone, victories were split, with comparable margins, between Cardenas and Salinas at the polling places in areas with a military population. Cardenas polling places: No 14 (Cardenas 197, Salinas 175), 16 (Cardenas 122, Salinas 78), 17 (Cardenas 182, Salinas 173). Salinas polling places: No 13 (Salinas 214, Cardenas 168), 15 (Salinas 157, Cardenas 111). The candidate of the National Democratic Front (FDN) was victorious in the two polling places set up in the military housing unit: polling place 60 (Cardenas 260, Salinas 139), and polling place 61 (Cardenas 251, Salinas 193).

In Guadalajara the battle was between the PRI candidate and his PAN opponent, with a close vote in some cases, according to reports from correspondent Hermenegildo Olguin.

At polling place 39, which is on the Zapopan air base, Salinas won 752 votes to Clouthier's 193. In this case Cardenas came in third with just 77 votes, a showing that he failed to surpass in the capital of Jalisco. At polling place 39-A (the La Mojonera military base), Salinas took 277 votes to 26 for Clouthier and 17 for Cardenas. The same trend held at the polling places set up in the Armed Forces housing unit in San Juan Ocotan: polling place 38

(Salinas 325, Clouthier 167, Cardenas 105); polling place 38-A (Salinas 236, Clouthier 167, Cardenas 82); polling place 38-B (Salinas 103, Clouthier 67, Cardenas 42), polling place 38-C (Salinas 66, Clouthier 16, Cardenas 10). All of these polling places are located in the 20th district, which PAN won.

At polling place 5 in the 5th district, which was in the red barracks, PRI won with 115 votes, just 5 more than the PAN candidate. Here Cuauhtemoc Cardenas garnered 55 votes. PAN has challenged this district on the basis of various irregularities that it reported.

In Morelia, in keeping with the Cardenas movement's broad victory in Michoacan, Cuauhtemoc Cardenas won "handily" at polling place 82, which had been set up at the "Hijos del Ejercito" primary school just a few meters from the headquarters of the military zone. In this instance the FDN candidate garnered 502 votes (divided among the four parties that ran him) against 156 for Salinas and 156 for Clouthier.

In Culiacan, Clouthier territory, polling place 20 in the ninth military zone went to the PRI candidate with the following returns: Salinas 174, Clouthier 68, Cardenas 37. Polling place 18 reversed this result with 92 votes for the PAN candidate, 84 for the ruling party's candidate and just 2 for the front's candidate. In Mazatlan, polling place 98 (according to figures that the PAN candidate for federal deputy, Alejandro Camacho, provided to correspondent Luz Aida Salomon and that tally with the official returns of the district committee) posted a victory for Salinas with 312 votes against 224 for Clouthier and just 22 for Cardenas. The members of the 11th Infantry Battalion voted at this polling place.

At polling place 82 in Mazatlan, Salinas led with 299 votes to Clouthier's 226, but Cardenas increased his vote total to 101, all of them thanks to the Party of the Cardenist Front for National Reconstruction. The members of the 8th naval zone cast their ballots at this polling place.

At some polling places military personnel voted alongside civilians. In this article we are considering just the polling places where the military vote was predominant. One example is polling place 20 in the first district of Villahermosa, Tabasco, where 638 military personnel and 370 civilians voted, according to unofficial reports obtained by correspondent Sergio Antonio Reyes. Of this total 448 votes went to Salinas, 159 to Cardenas and 101 to Clouthier.

The opposition challenged the returns from the first district, however, charging that army officers replaced ballots for Cardenas with others marked for Salinas.

Among predominantly military voters, Minatitlan registered victories for Cardenas at the polling places surrounding the headquarters of the 29th military zone,

according to reports from correspondent Mussio Cardenas. At polling place 3 Cardenas won by 597 votes over the ruling party candidate, who garnered just 237. At polling place 3-A Salinas took 199 votes, but Cardenas won 575. At polling place 4 Cardenas was out in front with 519 votes to 346 for the former secretary of planning and budget. The voting pattern was the same at polling place 4-A: Salinas won 158 votes compared to 247 for the FDN candidate. The same was the case at polling place 5, with 295 votes for Salinas and 531 for Cardenas.

In Coatzacoalcos, the polling places with civilian and military voters (where the 36th Infantry Battalion cast ballots) gave the victory to Cuauhtemoc Cardenas, with the following returns: Salinas 77, Clouthier 35 and Cardenas 180 at polling place 9; Salinas 70, Cardenas 163 at polling place 12, and Salinas 192, Cardenas 422 at polling place 13, according to the figures gathered by Mussio Cardenas.

At polling place 132 in the first district of Chetumal, Quintana Roo, the military vote was closely split between Salinas and Cardenas. The personnel belonging to the 34th military zone who voted at that polling place gave 374 votes to Salinas compared to 313 for Cardenas and 85 for Clouthier, according to reports from our correspondent.

#### A Close Race

The competition at the ballot box among Salinas, Cardenas and Clouthier was also reflected at two military polling places in Pachuca, Hidalgo. At polling place 54, located in the Venta Prieta housing unit of INFONAVIT [Institute of the National Fund for Workers Housing] near the 18th military zone, the preliminary returns obtained by correspondent Fortino Mohedano were: Salinas 531, Cardenas 374 and Clouthier 209. At polling place 29, set up near the military housing unit, Salinas garnered 434 votes to 296 for Cardenas and 284 for Clouthier.

In Monterrey and Apodaca, Nuevo Leon, the military detachments voted at the polling places where civilians accounted for the majority of voters, according to the reports we received; therefore, the vote trend is less clear-cut. In any event, the returns from one polling place seem to be in keeping with the old days of the PRI steamroller. At polling place 60 in the eighth district of Monterrey, where the old military camp is, Salinas got 70 votes, Clouthier 26 and Cardenas 12. Personnel assigned to the Military Hospital voted at this polling place. At polling place 3 in the sixth district of Apodaca, Salinas won 874 votes, against just 24 for Clouthier and 19 for Cardenas.

In the past, 1976, correspondent Luis Angel Garza reported, two polling places set up at the old military camp showed themselves to be clearly pro-PAN, which prompted one of the two battalions attached to the camp to be transferred to Sinaloa.

Here too PAN has demanded an end to the practice of having the military vote en masse at what it calls "corporative polling places."

In Chilpancingo, the capital of one of the states in which the neo-Cardenas movement was about as successful at the polls as it was in the Federal District, Michoacan, Morelos and the State of Mexico, Salinas won a narrow victory at the military polling places, according to the official numbers gathered by correspondent Andres Campuzano. At polling places 4-B (Salinas 95, Cuauhtemoc 82) and 2 in section 4 (Salinas 111, Cuauhtemoc 101), however, the vote was challenged because the authorized 10 percent of additional voters was surpassed.

In the Federal District the Salinas-Cardenas electoral battle was extremely close. Of the 10 polling places installed in areas with a heavy military population, Salinas won seven and Cardenas three, by narrow margins in each instance. The ruling party candidate received 3,771 votes to 3,411 for the opposition candidate. In this zone the PAN candidate garnered just 592 votes.

Eduardo Montes, the PMS [Mexican Socialist Party] candidate for federal deputy in district 28, where the 10 military polling places are located, acknowledged "to the honor of the military" that the enlisted men, commissioned and noncommissioned officers cast their votes freely, except for two or three cases of manipulation that only confirm the rule. He also recalled that at the 1985 elections "the ruling party's domination at these polling places was overwhelming, although the PCM [Mexican Communist Party] and PSUM [Unified Socialist Party of Mexico] did get six or seven percent."

In fact the heavy concentration of military personnel in this district prompted challenges from the PAN candidate for a multimember district federal deputy seat, Jose Guzman Lazo, who enumerated the irregularities that arose in this electoral precinct before several bodies (the District Committee, the Court for Action Under Administrative Law and the Office of the Attorney General of the Federal District).

Guzman Lazo indicated that the electoral precinct corresponding to military polling place 62 is located around the Israelita Sports Center, where, he argued, not even close to the number of voters appearing on the official list reside. "Not even 1 of the 10,319 people who appear on the voting list resides in precinct 62 of the 28th electoral district," the PAN candidate emphasized.

Guzman Lazo also said that the number of voters claimed for precinct 63 is not valid either, inasmuch as in Military Camp No 1, which belongs to this precinct, "there is neither residential nor housing capacity for the 15,262 voters" on the official list.

He made the same assertion in the case of precinct 64, which includes the Las Americas Race Track, the Mexican Olympic Committee, the National Defense offices and the Bank of the Armed Forces, which "do not constitute any residential zone whatsoever," except for the few homes that are found in this precinct.

The son of one of the country's most venerated revolutionary military men, Cuauhtemoc Cardenas has made constant appeals to the Armed Forces, both during his election campaign and in his postelectoral swing in defense of the vote. On at least two occasions the presidential candidate has asserted that he had the support of members of the three branches of the Armed Forces.

On 2 May in the country's capital Cardenas told a group of editorial writers, columnists and reporters that he had not sought an open, direct relationship with those who are in command in the Armed Forces because "when a military man expresses support for the FDN, he is removed from his post or action is taken against him in various ways." Nevertheless, he said on that occasion, "we received the indirect support of some members of the army and navy."

Exactly 1 month later in Patzcuaro, he made one of his most explicit references to the Armed Forces:

"The proposals of the Cardenas campaign have found major support in various units of the Armed Forces, in the army, in the navy and in the air force. Soldiers, sailors and airmen are demanding in the high commands and among officers and the rank and file that the corruption end and that the country aim at meeting priority needs," he said.

"Many chiefs, officers and rank and filers," he emphasized, "have expressed support for the positions that we have been putting forth throughout the campaign, and we know that most of them understand their responsibility to look after the sovereignty of the nation that this government has been surrendering."

On 5 May in Zacapoaxtla, Puebla, in commemorating the victory of Mexican troops over the French invaders in 1862, Cardenas made another extensive reference to the role of the Armed Forces in the country today.

"The military," he said, "cannot be, and in practice is not, detached from what is happening in the country, nor is it untouched by political influences." He advocated that the Armed Forces "at large, with full freedom, off duty" take part in the country's political life.

During his postelection campaign in defense of the vote Cardenas has persistently appealed to the military. In Nezahualcoyotl and in the Lake Region, where he headed mass rallies, he told his supporters that they had



to convince the Armed Forces of the magnitude of the fraud so that they would set themselves up as defenders of the Mexican people's rights.

In the Lake Region, where the "Cardenas phenomenon" caught fire last February and where Carlos Salinas de Gortari was rejected, even physically, Cardenas showed the mass media 4,000 electoral ballots that his supporters discovered in an office of Humberto Roque Villanueva, a CNC [National Peasant Confederation] leader and candidate for federal deputy, and he repeated, rally after rally, that the Armed Forces must guarantee the legality of the current election.

The military was probably aware of the actual outcome of the elections, as opposed to the official result, according to a disclosure by federal deputy and PMS leader Eduardo Valle on Thursday the 21st in the editorial pages of EL UNIVERSAL, a disclosure that has not been denied as this edition went to press.

The departing lawmaker cautiously discloses "the figures from friends," "probably" from the military:

"On 6 July 1988 19,640,722 citizens voted, 50.25 percent of the registered voters, 5,791,356 for Manuel Clouthier (29.48 percent), 6,112,687 for Carlos Salinas (31.12 percent), 6,738,754 for Cardenas (34.3 percent), 199,484 for Magana (1 percent), and 195,512 for Ibarra (1 percent); 584,929 votes were annulled (3 percent), and 18,000 votes were recorded for unregistered candidates."

Valle also reports that "as a result of the manipulation by PRI election officials, the PRI vote total was increased by 3,528,000; 2,524,000 votes were taken away from PAN; 781,000 were taken away from the FDN-PMS, and 115,000 were taken away from the PRT [Revolutionary Workers Party]. The transfers of votes to PRI were reportedly made in 176 districts with a rural majority and in 69 districts with an urban majority. The returns from 55 districts in which the FDN-PMS or PAN won were not touched."

Valle explains that "the Armed Forces guard the packages of ballots, and the army officers in charge submit a confidential report on the results, through military intelligence channels, to their superiors: the defense secretary and the president of the republic, the supreme commander of the Armed Forces."

Few people, the deputy notes, can say with certainty how close these numbers, "provided by a source that has proven its reliability on other occasions," are to the actual results: President De la Madrid, Gen Arevalo Gardoqui and his chief of military intelligence. "Also Carlos Salinas and two or three of the people closest to him."

### **PMS Appeals for FDN-Centered Defense of Democracy**

32480194 Mexico City LA UNIDAD in Spanish  
24 Jul 88 p 6

[Text of document issued by the Fifth Plenum of the Mexican Socialist Party National Council, 17 July 1988, entitled: "An Appeal: Defend the Popular Will!"]

[Text] On 6 July, the majority of us, the politically responsible Mexicans, voted to install a popular democratic government. We acted with strict adherence to legality, and chose the election route to express an unequivocal desire for progressive changes in the country's economic, political, and social structure. The people voted to make complete democracy a reality, to have respect for social and individual freedoms and guarantees, to seek equality and justice, and to establish relations marked by respect and cooperation with all nations based upon the principles of sovereignty and self-determination, promoting peace, disarmament, and solidarity among peoples.

The electoral campaign that we are undergoing is historic, because the Mexican people, through their political participation, are trying to retrieve the dignity of the republic and the best of its patriotic, revolutionary tradition. Emphasizing these values and voicing new desires, they voted for a new government. This was shown by the decision of a popular majority to elect engineer Cuauhtemoc Cardenas president of the republic.

We Mexicans were faced with an anti-democratic electoral legislation and system. In various parts of the country, thefts of ballot boxes, forging of records, burning of ballots, and expulsion of representatives of the opposition parties from polling booths occurred again. The official results per se have proven that a large portion of the votes in favor of Carlos Salinas came from polling booths at which (contrary to the entire national trend) 100 percent of the votes were for PRI [Institutional Revolutionary Party] or where that party's votes almost equalled the total number of voters recorded in the electoral list. Based on CFE [Federal Electoral Commission] information, at a large percentage of polls results were announced that were quite different from those declared in the vote count records. Where no representatives of parties other than PRI appeared (or where they were expelled), the vote for Salinas was quite heavy, particularly in the rural areas.

These incidents show that fraud has substantially changed the vote, and a false, unsupportable (official) result has been proclaimed. The present political crisis could result in inestimable consequences for the country if the government and PRI back the falsification of the real vote and the citizens' will. Pretense, robbery, and illegality cannot be solid bases for voting in a free,

democratic, prosperous Mexico. The nation demands of the president of the republic and the electoral agencies unlimited respect for constitutional legality and the popular will.

Mexico is experiencing some extraordinary times. Our situation demands of all the political and social forces a substantial commitment to attain real democracy and to defend constitutional legality. The responsible and honorable sectors of businessmen, church, Armed Forces, workers, peasants, youth, women, intellectuals, and political parties must act to establish a clean and open national political agreement.

PRI has voiced its commitment to "fight with the weapons of the law on behalf of full respect for the vote and adherence to the popular will." Thus far, this has not been its conduct; its vices and internal hardening have prompted it to attempt to violate the citizens' decisions. If this attitude does not change, PRI could create an atmosphere of repression and violence against the people, which would seriously damage the bases for national coexistence and the possibility of a peaceful change in Mexico's political life. PRI (as a minority party) should not count on the opposition's accommodating to its dictates and being content with victories "bestowed" by the present governing group.

Engineer Manuel Clouthier and sizable sectors of the PAN [National Action Party] leadership refuse to fulfill a public commitment: to strive for verifiability in the election results. In an inconsistent manner, they talk about the impossibility of asserting who won the elections, when they have in their hands sufficient records from the 55,000 polling booths set up in the country to be certain that engineer Cuauhtemoc Cardenas was the winner in the contest for the presidency. We issue a respectful appeal to the members of the National Action Party to demand adherence to the popular will and accept the victory of the candidates based on true results, regardless of the party to which they may belong. We in PMS [Mexican Socialist Party] have acted in this way, and we shall continue to do so. PAN's liability is enormous: its national commitment is not to defend its vote or private victories, but rather the voters' decision.

With these elections, one fact has been made clear to everyone: Mexico is ready for a popular government that would immediately begin the political and social changes demanded by the circumstances. The official, corporative party system has embarked on a crisis. The PRI course of action, which imposed economic backwardness and deterioration of the national sovereignty, has suffered a severe defeat. The people of Mexico have voted against the continuity of a retrogressive, multinationalizing design.

They have voted against an economic and social policy that attacks national interests, and the rights of workers and the majority, because it has generated unemployment, depressed wages and consumption, negated the

right to strike, curtailed collective bargaining, dismantled the public sector of the economy with the sale of productive enterprises, and drastically reduced the investment essential to the national economy. They voted against the Economic Solidarity Pact which protects the profits of the large native and foreign business owners, and grants them unjustifiable concessions. They voted against the government's stupid agreements associated with the foreign debt and its service, that have left us defenseless in the face of rising interest rates and a reduction in the prices of our products, agreements which only benefit the multinational banks and impoverish the nation. Hence, President Miguel de la Madrid should not approve any more agreements with international banks, much less increase the size of the foreign debt; and he must stop the sale of parastate enterprises to national or multinational private capitalists, including the Cananea Mining Company.

The people of Mexico have voted so that, as Cuauhtemoc Cardenas declared on 16 July, the nation "may take advantage of the potential of its natural resources, a productive operation that could be in a constant state of expansion and modernization, and the ingenuity of its people; they have voted to give an impetus to an economic growth that would necessarily be translated into social welfare, with real equality before the law and opportunities for improvement, wherein injustices and exploitation would disappear, and recognition and stimulation would be given to the varied and diverse cultures as expressions of an independent people and nation."

Our present task is to promote and consolidate the powerful popular force that has emerged to bring about the radical changes needed in the outworn, obsolete system that has been rejected by the majority. The nation will not tolerate setbacks or impositions.

It is disturbing that the government is continuing its arbitrary conduct, to the point where formal agreements made by the Federal Electoral Commission are not being fulfilled, such as the one to the effect that the candidates and parties are to disseminate on television their view of the 6 July elections.

The country is the scene of a major citizens' mobilization, led by millions of fellow countrymen marching under the banner of democracy and respect for constitutional legality. It is a peaceful, legitimate mobilization, which will have recourse to all legal echelons to demand respect for the actual vote.

This mobilization is the indisputable expression of the will of a majority. The guarantee of the people's success lies in the decided impetus for this movement and the strengthening of their political unity. Preventing mockery of the will expressed at the polls lies in the hands of all citizens.

The Mexican Socialist Party calls upon the Mexican people to continue with steadfastness and maturity this national campaign for democracy, and to convert the National Democratic Front into the expedient for coordination and leadership, backed by the most extensive unity among political and social organizations on the national, state, and district levels.

We call upon them to hold assemblies and rallies in each barrio and ejido [Indian community-held farmland], and to form popular committees for defense of the vote in colonias [urban communities], work centers, trade unions, and schools; we call upon them to form brigades for publicity and information, so as to spread this civic democratic mobilization to all corners of the country. We call for the broadest unity and concerted action among all Mexicans interested in promoting the deep-seated democratic changes that the country requires and demands.

We call upon workers and peasants to struggle energetically for democracy in their organizations, and to strengthen them, eliminating the devices for imposition that have enabled discredited, corrupt leaders to use the force of their organizations to obtain personal sinecures and to support policies and actions that work against the rural and urban workers. Democracy in the workers' and peasants' organizations is the fundamental basis for the existence of authentic political democracy.

We call upon them to convert the National Democratic Front into the organizational tool that will lend consistency to the unified participation of all the organizations and citizens committed to democracy in the electoral processes that are due to take place soon in various states of the country. PMS will attempt to have FDN single candidates run in the coming elections.

With Cuauhtemoc Cardenas, we say: "We have seen how the people struggle and are organized. A conviction results from this: The victory will belong to the people and to Mexico."

The people voted, and Cardenas won!

On behalf of respect for constitutional legality and the people's victories!

"Democracy, sovereignty, revolution, and socialism"

Fifth Plenum of the PMS National Council

17 July 1988

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### **Ferroalloy Joint Enterprise With USSR Seen as Possible**

32480195a Mexico City *EXCELSIOR* in Spanish  
23 Jul 88 pp 5-A, 32-A

[Article by correspondent Hernan Rodriguez Molina]

[Text] Moscow, 22 July—The director of the Mexican Iron and Steel Company (SIDERMEX), Guillermo Becker Arreola, is in Moscow to explore the possibility of organizing the first joint enterprise in the Soviet Union, to be engaged in the manufacture of ferroalloys required for processing steel.

The Mexican ambassador to Moscow, Juan Jose Bremer, told *EXCELSIOR* that, thanks to the policy of "perestroika" promoted by Mikhail Gorbachev, there are favorable conditions for creating the first Mexican-Soviet enterprise.

Becker Arreola, who is heading a delegation of Mexican industrialists, explained that the composition of the joint enterprise which would process raw material from both countries for the purpose of exporting to markets in the each joint investing partner's sphere of influence, once their domestic demand had been met, has not yet been determined.

After expressing hope that the plan would be consolidated quickly, Becker noted that the options for joint investment are real because both the Soviets and we Mexicans "need more ferroalloys, which are the aggregates for steel."

The visit by the SIDERMEX delegation has had widespread repercussions in this capital, while at the same time prospects have been discerned for iron and steel industrial development and the resultant exchange of technologies.

According to Becker, the Mexican iron and steel industry no longer depends on the United States, but rather has developed its own models, and has increased its exchanges with the Federal Republic of Germany and Japan.

The Mexican official claimed: "We must consider the fact that Soviet technology is not of a leading edge type, nor is it the kind that we have traditionally used in Mexico, but now we Mexicans have the option of enhancing ours with that of the Soviet Union."

Ambassador Juan Jose Bremer, who was present at the negotiating talks, said that the Mexican delegation is comprised of businessmen from the state and private sectors, including some from Steel Tubing of Mexico (TAMSA), Mexican Tubing Production Company (PMT), and Monterrey Industries.

Remarking that the changes taking place in the USSR have afforded greater chances of the Soviet economy's



becoming opened to other countries, the diplomat stressed that the process of easing tensions between the two powers will foster the development of world trade, claiming that Mexico must take advantage of this.

#### **Mexico Seeks Exports**

Mexico needs to intensify its non-oil exports, and seek new markets, so as not to be left out of the qualitative process of change in international trade.

In this connection, he explained that the Soviet Union is involved in an increasing process of opening up its trade with Western Europe. The Council for Mutual Economic Assistance, the East European commercial bloc, and the European Common Market are also involved in an intense process of negotiations on topics ranging from qualitative changes to commercial exchanges between the two blocs, he commented.

The Soviet Union already has strong commercial relations with Argentina, Brazil, and Peru, but the same thing has not occurred in the case of Mexico, because the monetary exchange rate amounts to only \$85 million. Becker was of the opinion that, with the creation of the joint enterprise, this volume could increase to as much as \$300 million by next year.

Juan Jose Bremer claimed that the trade relationship between Mexico and the Soviet Union "leaves much to be desired," but noted that, with this plan, the two countries' iron and steel industries could exchange not only products and capital equipment, but also new techniques for steel production. He concluded by saying: "We are ready to expand and intensify our economic relations."

In an interview with EXCELSIOR, Becker Arreola explained that four technical processes had been identified in the negotiations, related to the utilization of residual, lead injections, furnace repair, and the overall alloy process, which could benefit Mexico.

He announced that the Soviets would purchase seamless steel pipes, and zinc plates and pipes of different sizes and diameters from Mexico. He added that, next year, they will purchase hot-rolled and cold-rolled plate, and that, this year, Mexico will export 25,000 tons of corrugated and uncorrugated zinc plate to the Soviet Union.

2909

#### **Evidence of Legorreta Stock Firm Wrongdoing Found**

32480195b Mexico City LA JORNADA in Spanish  
18 Jul 88 pp 1, 20

[For related reporting, see JPRS REPORT: LATIN AMERICA of 27 May 88 (JPRS-LAM-88-019) pp 25-28]

[Text] The National Securities Commission [CNV] has discovered at least five violations of the laws on securities, banking and insurance in the airing of evidence

from the plaintiffs against the Stock Trading Brokerage House (OBSA), and the attorneys for the company (owned by Eduardo Legorreta Chauvet) have been unable to submit explanatory documentation.

During the bargaining presentations made by the attorneys defending those cheated by the brokerage houses, headed by Cesar Fentanes, documents were submitted indicating that, during September, October, and November 1987, several Stock Trading Brokerage House clients were forced to purchase stock shares that they did not want, and others, to lend money based on Treasury Certificates (CETES) an activity banned by the laws governing the stock market. According to the clients, the transactions were carried out signing blank papers.

There is various evidence in the possession of LA JORNADA even involving members of private enterprise, such as Nicolas Xacur Eljure, whose family belongs to the business leadership in the southeastern part of the country, who was never notified that he was to lend money or CETES.

The National Banking and Insurance Commission itself is also investigating the activities of the Stock Trading Brokerage House for alleged drawing of non-existent checks.

The Brokerage House attorneys have had to postpone the bargaining agreements and meetings because, at least when appearing before the National Securities Commission, they lacked the documentation that would prove its innocence of these unlawful acts.

In one of the cases (submitted to the National Securities Commission on 1 June 1988, a hearing for which was held only a few days ago, as the individual concerned himself reported), the fraud amounts to 8.750 billion pesos, and the Brokerage House refuses to pay compensation.

Francisco Covarrubias Gonzalez remarked that, on several occasions, he had signed blank papers for the Stock Trading Brokerage House, because he believed in the company's good faith. Nevertheless, he was never informed of the destination of these documents.

When appearing before the National Securities Commission, OBSA itself admitted having served as an intermediary between two clients, one applying for credit and the other providing it. Nevertheless, the clients did not admit to having sought loans or offered them; hence the papers were handled only by the Brokerage House itself.

Thus far, the Stock Trading Brokerage House has not responded to any of the charges, either before the Finance Secretariat or before the National Securities Commission; for this reason, the Chamber of Deputies Finance Commission has also been engaged in investigating the matter.



According to a document from the Chamber itself, there are over 300 penal charges against brokerage firms, the Stock Trading Brokerage House and Prime being the ones mainly accused. In one of the cases analyzed by the legislative body, it was indicated that, at the very moment of the signing of the contract with its client, the intermediary brokerage firm forced the principal to sign blank papers.

In some of the cases wherein credit transactions were carried out between clients, the furnisher of the loan was the Business Services Council, of which officials of certain brokerage firms, primarily, the Stock Trading Brokerage House, were members.

Included among the Chamber of Deputies' analyses is one wherein the Stock Trading Brokerage House forced its principals to purchase stock shares from OBSA itself (which were presumably even quoted at 19,000 pesos, although the annual yield was not even 400 pesos), not only without their consent, but also without their knowledge.

Furthermore, in the case analyzed, OBSA forced a client to purchase stock shares from Syncro industry, some of whose Administration Council members are members of the Stock Trading Brokerage House board of directors.

On the Syncro board of directors, besides Eduardo Legorreta Chauvet, there are Crescencio Ballesteros, one of the leading construction industrialists; Claudio X. Gonzalez, a former business leader; and the current chairman of the Business Coordinating Council, Agustin Legorreta Chauvet. The Chamber of Deputies is studying the reasons that the Syncro and OBSA stock shares were (compulsorily) sold to the clients at higher prices. After the crash, the brokerage house purchased the stock shares at a price lower than the one at which it had sold them to its clients, causing a total financial crisis for hundreds of investors.

There are accounts of plaintiffs against brokerage firms not contracted under discretionary terms; rather, for each transaction, the client's consent had to be sought, something that occurred only as an exception.

During the presentation of evidence, the plaintiffs have argued that they never signed a contract with another individual for a loan, but rather, that all transactions were executed with blank documents. The same holds true of the lenders, who were not informed that they had committed an illegal act by lending based on Treasury Certificates.

The brokerage firm's attorneys have argued at various hearings that the transactions were executed between individuals, although they admit having served as intermediaries. Two individuals (a lender and an applicant for credit), who allegedly signed a transaction document, claimed: "I don't even know this gentleman."

### **Ciudad Juarez Bishop Urges Heeding 'Signs of Times'**

32480199b Mexico City DOCUMENTACION E  
INFORMACION CATOLICA in Spanish  
28 Jul 88 p 549

[Editorial by Manuel Talamas Camandari, bishop of Ciudad Juarez, entitled "It Is Very Dangerous for Government Officials To Ignore the Signs of the Times"]

[Text] At a given moment in the life of our Lord Jesus Christ, when he had already given many, many signs that he was the Messiah whom God had promised, he was approached by the Pharisees and Sadducees, who asked him for "a sign from heaven" (Matthew, 16, 1 ff). Our Lord replied to them that if they were so clever that they could tell just by looking at the sky when the weather was going to be good and when there was going to be a storm, why were they unable to discern the signs of the Messianic times that they had already been given in such abundance? And because they did not take these signs into account, not only did they not know their Divine Redeemer but also wound up being the ones who plotted against Him. For this reason it is very important to be on the lookout for the signs of the times, so as to act accordingly. And if such discernment is very necessary in any individual, it is that much more necessary in the government officials of nations. We have suffered many evils in our Mexico because certain government officials were blind to the signs of the times.

If our government officials had taken action upon perceiving the signs of the times during the expansionism of the United States, we would not have lost half of our territory. If Don Porfirio Diaz had taken seriously the signs of the times with which the Mexican people expressed the need for justice for workers and peasants and the urgent need for a democratic process through effective suffrage and no reelection, a million Mexicans would not have died, nor would the revolutionary factions have become exasperated and destroyed each other, nor would there have been so much ruin all over the nation's territory. Now then, for some years there have abounded signs of the times manifesting the resolute desire of the Mexican people to have an authentically democratic system and political process as the best civic infrastructure for securing the best and quickest solutions to the great economic, educational and social problems that mark our current situation as an insufficiently developed country, at the expense of a majority that bears the burden of severe and unjust deprivations. In fact, these signs of the times began to manifest themselves as far back as the 6-year term of Gen Lazaro Cardenas, who clearly perceived them but did not act accordingly when he imposed Gen Manuel Avila Camacho as president, ignoring the clear expression of the majority will of the people in favor of Gen Juan Andrew Almazan. These same signs have been multiplying and repeating themselves in several regions of Mexico but have so far not been heeded.

The current government officials have a grave responsibility to take these frequent, clear and intense signs of the times seriously. Speaking with absolute sincerity from my conscience as a human being and a Mexican, I perceive with total clarity major parallels between the situation at the turn of the century under Gen Porfirio Diaz and the current situation. The people are expressing themselves spontaneously, and unless they are heeded, pressure and dissatisfaction that can lead to nothing good will only build up. And let no one misinterpret my words on the basis of his prejudices. I am talking about the signs of the times that have been revealed not only in the northern states but in the southern and central states as well, the signs manifested by citizens of very diverse political ideologies and different government platforms, such as in Chihuahua and Chiapas, or Sonora and Oaxaca. I think that Don Porfirio was blinded by his own opinion of himself, combined with his ambition to remain in power. I also think that this is the source of the current political storm clouds: the opinion that the system has of itself, combined with the desire to remain in power indefinitely. It must be underscored that one's own opinion, when not contrasted with that of the people, can be and often is extremely misleading.

Therefore, in this crucial hour all Mexicans, especially government officials, must remember how many great evils have befallen Mexico, how many times attempts have been made to ignore the signs of the times, through which the people express themselves and act, the people who are the quintessence of the homeland. Are the people perhaps going to be asked for another sign, on top of the thousand that they have already given, as the Pharisees and Sadducees asked of Jesus Christ? In any event, we already know that Jesus Christ reproached those who so rashly made this request of him.

Manuel Talamas Camandari Bishop of Ciudad Juarez

8743

### **Bishop Specifies Conditions for Election-Prompted Resistance**

32480199a Mexico City DOCUMENTACION E INFORMACION CATOLICA in Spanish  
28 Jul 88 pp 554-557

[Text of "Pastoral Exhortation No 2" by Msgr Luis Reynoso Cervantes, bishop of Cuernavaca, 16 July 1988, entitled "Ethical Aspects of Political Authority and Political Participation"]

[Text] Editorial Note: On 27 June 1988 (see DOCUMENTACION E INFORMACION CATOLICA No 28, 14 July 1988) Msgr Luis Reynoso Cervantes, bishop of Cuernavaca, conveyed to us his theological and moral reflections on the political elections in our homeland. Now, 10 days after the elections, in light of the opposition's serious charge that the "election was a farce," he tells us that if the charge is proven, "we could by all

rights resort to resistance and disobedience, observing the limits indicated by natural law and the Gospel, in other words, setting aside violence, which is always destructive and counterproductive because it adopts the same methods that it wants to do away with." We are herewith reproducing the full text of his second Pastoral Exhortation.

### **To the People of God of the Diocese of Cuernavaca**

1. The political community is born to seek the good of the community, in which it finds its full justification and meaning and from which it derives its own original legitimacy.

This good of the community or common good encompasses all of the conditions of social life through which men, families and associations can more fully and readily achieve their own perfection (Vatican II, *Gaudium et Spes*, No 74).

Outside of this common good or welfare of the community, the political community finds neither meaning nor justification and becomes merely an instrument of domination of some men over others.

Hence, the function of authority is to unify efforts towards the common good, not mechanically but freely and responsibly. Only thus are individuals liberated, not humiliated, when they submit to authority.

2. Regarding the authority/obedience tandem, Christian ethics establishes:

The exercise of authority acquires ethical legitimacy when it falls within the limits of the moral order, with a view towards achieving the common good, conceived dynamically, in accordance with the legitimately established legal order or the legal order to be established.

The moral demand of obedience corresponds to this legitimate exercise of authority: "It is then that citizens are obliged in conscience to obey" (*Gaudium et Spes*, No 74).

It is when the exercise of authority does not have ethical legitimacy that subjects have a right and a duty to resist. When authority oversteps its bounds and oppresses citizens, they are entitled to defend their rights and the rights of their fellow citizens, observing the limits indicated by natural and evangelical law.

3. The moral obligation to obey has limits. Obedience is due only when the order of justice so demands or requires, and only to those orders that do not exceed the legitimate province of authority.

Absolute human power corrupts both those who command and those who obey because the relationship between the two ceases to be human.

4. The church has always argued that there exists a "natural law" without which positive law has no grounds whatsoever. Moreover, it at least represents the possibility of an appeal to mankind's conscience against unjust civil laws and orders of authority.

Moreover, when a law is not obviously unjust, there is a direct obligation, in conscience, to carry out all that it orders. Authority must be helped to overcome its own limits, and sincere cooperation contributes to this (See Vatican II, *Dignitas Humana*, No 8).

5. Now then, the ethical demands of political participation are such that men, in accordance with their human dignity, are fully entitled to devote themselves to public life (John XXIII, "*Pacem in Terris*," No 73, Eight Great Messages, 232). Such participation extends to: the establishment of the juridical foundations of the political community, the management of public affairs, the fields of action and the limits of the various institutions and the election of government officials—the right to vote—(See *Gaudium et Spes*, No 75; *Octagesima Adveniens*, No 47); judicial effectiveness: "It is perfectly consistent with human nature that political and legal structures be established that offer all citizens, without any discrimination whatsoever and with growing perfection, effective possibilities of taking part freely and actively.... So that responsible civic cooperation can achieve happy results in the daily course of public life, what is necessary is a positive judicial order that establishes an appropriate division of the functions of political authority, as well as effective and independent protection of rights" (*Gaudium et Spes*, No 75).

6. When we apply this entire ethical doctrine to the political realities that Mexico experiences in every electoral process, we must bear very much in mind that there has been a very important positive change in the exercise of democracy. All of this is worthy of particular consideration, because the hegemonic stage of one party is over. On the other hand, the opposition complains that there has been more than one electoral farce. One person has said, among other things, and I quote: "The Mexican elections of 1988 will be remembered, consequently, not only as the dirtiest in Mexico's history; they were also the most colossal fraud that any regime has attempted" (Luis Javier Garrido, *LA JORNADA*, 14 July 1988).

The irregularities that the opposition has pointed to are more or less the following:

- Thirty percent of the people who intended to take part in the elections were stricken from the list of voters.
- Legal status was given to deceased persons and children, whose votes were, oddly enough, counted.
- Workers and peasants were brought in in CNC [National Peasant Confederation] and CTM [Confederation of Mexican Workers] trucks, after which the representatives at some polling places did not prevent them from voting.

- The ballot boxes were stuffed in advance in some towns.
- In the places, such as rural communities, in which the opposition did not have the personnel to cover all of the polling places, the PRI vote was inflated to the point of exceeding the number of registered voters.
- Electoral ballots of opposition parties were burned and thrown into the trash.
- In the working-class colonias [urban communities] PRI representatives pressured voters, thus violating the secrecy of the vote.
- Ink that could easily be erased was used.
- Policemen and other representatives of authority voted several times in groups; voter "merry-go-rounds" were widespread in the State of Mexico (see Abel Vicencio Tovar, *EXCELSIOR*, 14 July 1988).

7. As we can see, all of these accusations and others are very grave and must be proven before the appropriate authorities. The New Federal Electoral Code facilitates the procedure.

The parties that feel wronged must resort to these bodies. The authorities in charge of the electoral process have an obligation, in turn, to proceed with absolute responsibility and honesty. They must respond with arguments and reasons that convince the people of Mexico and even foreigners.

8. Mexico's prestige and sovereignty are at stake in these elections, the domestic and overseas image that will give the country credibility in the eyes of its own citizens and of foreigners.

9. As has been correctly stated, modernity demands democratic pluralism.

This is possible when the right to vote is exercised responsibly and freely and when the candidates freely chosen by the people are thus enabled to take power.

10. The good of Mexico, which comes before the good of any individual or group, demands that all citizens, especially Christians, further and foster this democratizing process that is already irreversibly under way.

If there were irregularities that are not substantial in this electoral process, they must be overcome in a positive manner.

11. Only if political insensitivity or irresponsibility on the part of all of the people in charge of the electoral process were proven and only if, instead of responding legally and judicially to these demands of the Mexican people, the authority became an accomplice and tried to use repressive methods to resist the push for democracy, could we by all rights resort to resistance and disobedience, observing the limits indicated by natural law and the Gospel, in other words, setting aside violence, which is always destructive and counterproductive because it adopts the same methods that it wants to do away with.

12. We must not accept the principle of the victory of the strongest and the ground rules that are used in violence. They must be changed. The transformation of consciences must be fostered. The attacks of hatred, rivalry and disorder that violence unleashes become an obstacle to the promotion of love and liberty.

13. For all of these reasons, I call on all of the people in my diocese to show restraint, to reflect, to control unbridled passions, and not to allow themselves to be incited to hatred and violence.

Gandhi, Martin Luther King and Helder Camara, among others, were more effective through "nonviolent revolution" than others who attempted the path of violent revolution, which runs the risk of merely replacing individuals without doing away with the state of violence because it neither fosters nor achieves a transformation of the conscience.

Nonviolent revolution is the most appropriate revolution.

14. "A Christian must have faith in the revolutionary force of heroic love and must be able to attack existing society with it, thus toppling its institutions and doing away with its methods of unjust repression. A Christian who lives revolutionary love does not resign himself to the socially dominant evil; at the same time, he rejects violent methods, which are characteristic of an errant

way of life. The only way to overcome and to do away with unjust violence completely is to abandon its system, to love just as Christ loved."

We must have faith in the ability of charity to carry out the social revolution, because where there is love, there is God. No matter how sad and catastrophic the current circumstances may be, we know that we are not alone, because God lives in us in the narrowest and most oppressive cells of life.

In situations of extreme injustice, if there is no heroic community charity, it will then be necessary to turn to revolution, even violent revolution (T. Goffi, *Revolution and Violence*, Encyclopedic Dictionary of Moral Theology, 964-965).

15. Your bishop and pastor, who is always in solidarity with the just causes of the people, hopes that these reflections will enlighten you on your Christian path towards a better, more just, more authentic Mexico.

May the Most Holy Virgin of Guadalupe, who is always present in the people's just struggles, intercede for Mexico in these historic moments.

Your bishop, who values you highly and blesses you heartily.

Cuernavaca, Morelia, 16 July 1988

Luis Reynoso Cervantes Ninth Bishop of Cuernavaca  
8743



**New CTP Leader on Relations With Unions,  
Government**

33480201b Lima EQUIS X in Spanish  
11 Jul 88 pp 30-34

[Interview with Bernardino Cespedez Perez, general secretary of the Confederation of Peruvian Workers, by Amelia Villanueva Ramirez; date and place not given]

[Text] The 12th National Congress of the Confederation of Peruvian Workers (CTP), held in Trujillo in April of this year, marked the fate of that organization and that of the many labor and trade union groups comprising it. The previous General Secretariat, headed by Julio Cruzado Zavala, was challenged and rejected by congressional delegates, who entrusted the post to Bernardino Cespedez Perez, a young deputy from Chiclayo, who is endeavoring with great determination to improve the CTP's image. His observations follow.

[Question] What is your overall view of the latest CTP congress?

[Answer] It was very positive because we managed to incorporate 11 federations that are truly representative of the rank and file and that had remained independent. The glorious CTP now has the majority backing of workers throughout the country. Consequently, we have announced that the CTP must change its methodology and leave behind the conformism and attitude of subservience it had always demonstrated, moving toward an aggressive stance to defend the interests of the country's workers, who now have a confederation that defends their interests.

[Question] What does it mean to regain control of the CTP after it was in the hands of Julio Cruzado for so long?

[Answer] To regain control, with great humility but great firmness as well, of the determination to confront the government and require that it respect the right to free unionization, that it allow labor organizations to speak freely without any restrictions limiting their organizational development. We have stated that national employers must change their line of conduct, that they cannot subject us to poverty-level wages and salaries. Under such circumstances, the government must play its proper role; the Ministry of Labor cannot remain so ambivalent.

We demand final decisions. Consequently, either they accept fair, equitable treatment or we are in a situation of being able to make use of our rights by means of force.

[Question] Using strikes?

[Answer] We believe that striking is a constitutional right that cannot be used as an end in itself, but when we do use it, it will be to require real changes.

[Question] Is it true that many trade union confederations that once belonged to the CTP went over to the CGTP [General Confederation of Peruvian Workers] because of Julio Cruzado's poor leadership?

[Answer] That is true. The CTP lost a long period of its history, which we now view with great regret, all because a man who held the fate of the workers in his hands abandoned them, and one just cannot do that. Not only are we going to change our image, have a new label, but we are going to regain effective leadership of the moral value of the workers. It will be up to history to judge those who struck a blow at the future and well-being of the workers.

[Question] And now those federations have rejoined the CTP?

[Answer] Indeed, those federations remained on the outside, calling themselves independents, which meant rejection of the attitude of Julio Cruzado. Now that they have seen a new leadership, they are coming home because they feel authentically represented. They have returned and now we are much larger than we were before. From 20, we have risen to 31 and are about to take in 2 more, broadening the ranks of the CTP.

[Question] What kind of relations will the CTP have with the rest of the labor movement?

[Answer] Very cordial. In my speech to the congress, I made an indiscriminate plea. I told Senator Valentin Pacheco of the CGTP that if we respond to the summons of the workers' rank and file, without political intervention from the parties, then we shall truly achieve a great defense, leaving aside disagreements or situations that have nothing to do with the future of the working class. Our invitation will remain open and we shall be united in defending our interests courageously. We shall call a national strike if need be if it is a matter of defending the rights of the workers.

[Question] And if they do not heed you?

[Answer] If they do not heed us, then the rank and file will speak and we shall lead the way, to a work stoppage if possible, but we shall first use dialogue and concerted action.

[Question] Julio Cruzado continues to use the name of the CTP. What will you do to stop him from doing so?

[Answer] We owe everything we are to the workers. The rank and file have already manifested their rejection, so that that insistence, that interest of Mr Cruzado, is already coming to an end. Personally speaking, we have nothing against him, but institutionally, we do. The workers and their organizations want proper protection and will demand their property, their premises, and the others will have to return it, the easy way or the hard way.

The labor movement does not grow by virtue of its headquarters or by publishing notices in the media. It becomes stronger when a leader is honest, decent and honorable, none of which traits mark the leadership of Cruzado.

[Question] Legally speaking, the Ministry of Labor can only accept the existence of a single CTP, which is the one you head. Why then does it retain Cruzado's pseudo CTP? What measures are you going to take?

[Answer] The measures have already been outlined. I have just returned from Geneva, where I participated in the 75th Conference of the ILO as general secretary of the CTP and as the representative of the Peruvian Government and the democratic workers. That is the most obvious demonstration that our representation is authentic, legal and genuine. Consequently, the claims of Cruzado and his followers have no possibility of success and would not be received as legally grounded.

[Question] What should the workers' attitude be with respect to a government such as that of President Garcia, which is fighting for a socialist and democratic transformation of the country?

[Answer] Very well-defined. We have said that as Apristas [American Popular Revolutionary Alliance], we have a solidary, fraternal and revolutionary duty to support him in the decisions he must make for the country. On that, we are united. We shall be the first, the vanguard, to consolidate democracy, to ensure there is free determination of peoples, special attention to the regions and decentralization of the government administration. But that does not bind us with respect to the defense of the workers' interests.

[Question] Could you be more specific?

[Answer] The difference lies in the fact that there will be no subservience. In no way shall we yield to the party or the government with respect to the rights of the workers.

[Question] What is your opinion of the proposal to consider Dr Alan Garcia as a candidate for the presidency in 1990?

[Answer] We workers are democratic. We believe in change. We are ready to have a change in leadership, intelligence and good will. But in the field of politics, we do not want to intervene. At any rate, that decision will be made by the political party, which will make the proper decisions at its national congress. We workers will speak out at the proper time. We maintain our hegemony and our participation in the view that there is and must be a functional democracy. As Apristas, we respect the decision that the party congress makes and we aspire to a solution that will satisfy the citizenry in general.

[Question] Finally, what substantive changes will be made or have already been made with you as general secretary?

[Answer] We have achieved one victory for the workers: The ceiling for a collective indemnification, which was 10,000 intis, has now been raised to 20,000. We want to raise it to 25,000 so that the workers for whom we bargain collectively will have a ceiling that will be enough to live on. Likewise, we have proposed that the country's miners have their retirement period reduced to 20 years because scientifically speaking, it is no longer directly from the mines to face death.

For retirees in general, we have achieved the Huampani Vacation Resort Center so they may relax and enjoy themselves the rest of their lives. That is our position. We are going to find a way so that our insured will receive proper priority.

[Box, p 32]

#### CTP: Workers' Rights

Bernardino Cespedes' background in the labor movement began in 1956 with Luis Negreiros, the former in Chiclayo and the latter in Lima. In 1960, in organizing his union on Pomalca Ranch, he had the good fortune to meet great labor leaders of the stature of Luis Negreiros Vega and Sabroso Montemayor. When seven of his comrades died, paying tribute with their lives for the formation of a labor union, his inspiration and link with the CTP began. "I swore on their bodies always to serve the workers and never abandon the trade union movement. I now have the great satisfaction of being general secretary of the CTP and of being able to advance the values for which those men paid with their lives."

The CTP was founded on 1 May 1944 in the darkness of night in a cemetery, the only way the workers could organize to confront the tyranny of the dictator at the time. No political differences separated the men who joined together. The first general secretary of the CTP, Juan P. Luna, was not even an Aprista. Then, with the presence of Negreiros Vega, father of the general secretary of the APRA, Sabroso and Tamariz founded the confederation to which Haya de la Torre made his contribution with no self interest. "Haya served the workers, educated them, trained them, and we must now follow that path, preparing those who will follow us so that in the future they may have a country where they can live freely and where they will have a solid government that will give them both bread and freedom, as Haya de la Torre wanted."

**APRA Youth Leader on Revolutionary Goals,  
'Mysticism'**

33480201a Lima CARETAS in Spanish  
11 Jul 88 pp28-31

[Interview with Anibal Huerta Diaz, national secretary of the Peruvian Aprista Youth; date and place not given]

[Text]

[Question] What is the cause of the current state of unrest in the Peruvian Aprista Youth [JAP], as manifested in the protests reported in the media?

[Answer] It is due to errors of the PAP [Aprista Party of Peru], the poor structure of our movement and the pressure brought to bear by conservative groups within the party in their eagerness to prevent the development and deepening of the revolutionary process. The JAP is demanding a position more in the vanguard and consistent with the principles of Aprismo.

[Question] Are you not fully satisfied with the progress of the process initiated in 1985?

[Answer] That is not it; we are in complete agreement. What has happened is that in any government, any party, there are fundamental errors because there are individuals who do not interpret the meaning of the measures, the meaning of the Aprista program. On this point, the president has been very clear, in Ayacucho, for example, condemning the sensuality of many Aprista comrades when they came into the government. On that point, he has been categorical.

[Question] And yet, as a counterpart to that sensuality, criticism has been leveled at the "mysticism" found among Senderistas [members of the Sendero Luminoso, Shining Path].

[Answer] I believe that the president's message, which was not made public in the beginning, reflects a thought. When a man devotes himself passionately to what he believes in, that is what we call mysticism. It is not solely held by those who have an ideology, but by any of us. A doctor has his own mysticism, just as we do. What the president did in Ayacucho was to differentiate the mysticism of individuals; he did not justify it. The president merely gave to his audience a possible explanation of the many cases that might be found under the label "mysticism," but we positively condemn Sendero because it is a radical group made up of a group of petty bourgeois dissenters dissatisfied with the status quo. It is definitely not a people's movement because it recruits its members by force. It has absolutely no support among the people and is a movement that absolutely cannot win.

[Question] Was there any special significance in the fact that the JAP decided to hold its congress in the city of Huamanga despite the opposition which, as we know, existed in the leadership of Alfonso Ugarte?

[Answer] I believe that because of the very situation in which the country and that region find themselves, there was concern about the integrity of those who were to participate, but we definitely went to Huamanga to reaffirm our revolutionary and principled position, as proof that we also have our mysticism and are putting it to the test. We of the Aprista Youth believe in the revolutionary path being forged through the democratic people's struggle to transform our structures in a peaceful manner.

[Question] Do you believe that the great revolution of which the Aprista anthem speaks has begun?

[Answer] We are on the way. I would say that the revolution definitely cannot be carried out in one phase, within a specified period of time such as a government of 5 years. The revolution needs more time and fundamentally has several....

[Question] Several periods of government?

[Answer] Yes. A process of transformation cannot take place in one term. We understand that our comrade president, whom we support in all those revolutionary measures that are consistent with the principles of Aprismo, has many qualities that guarantee an authentic transformation of our nation's structures.

[Question] Does that mean that you support President Garcia's reelection?

[Answer] He is a man who guarantees the process of transforming our societies. But the party must basically look ahead, not in terms of individuals, but of the program.

[Question] Is it true that the Aprista Youth opposed the presence of the national general secretary of the Luis Negreiros Party at the Ayacucho Congress?

[Answer] No, we did not. He is a comrade whom we respect because of his position; we recognize the work he has done for the party.

[Question] But there was some booing and some of it was even directed at the president, who referred to it in his Ayacucho speech.

[Answer] I think it was more of a state of mind, not so much of rejection of the person but rather, dissatisfaction with certain rectifiable measures. In the case of the president's speech, the conservative sectors interpreted it in their way and gave a fragmented version that distorts the overall thrust of the message, which we categorically condemn.

[Question] Is it true that the congress was going to be named after Luis de la Puente Uceda?

[Answer] Many names were proposed; that was one of the options. The one that won was Martyrs of Aprismo because it recognizes the mystique, the disinterestedness and the fight which throughout history every Aprista member has offered up for the revolution.

[Question] To what extent has the Aprista Youth been influenced by opinions such as those of Cesar Vasquez Bazan or Victor Hurtado in the return to the original thought of the young Haya?

[Answer] You know that Aprismo arose as a dialectical interpretation of Marxism; we have taken the fundamental humanistic conception of Marxism. Haya de la Torre's fundamental proposal was to make a break with economic dependency. We also reaffirm our stand on that point.

[Question] But Haya de la Torre later broke definitively with what he called "frozen Marxism." What is your position?

[Answer] That is true. Dogmatic conceptions have definitely been denied throughout history. Haya de la Torre made an interpretation of our situation based on the Marxist dialectical method. That is why Aprismo has its own name.

[Question] And that is why the historic controversy took place with Mariategui in 1928, a controversy now considered to be resolved.

[Answer] We agree on many points. The left, like the APRA, has understood that it is necessary to organize the people for the task of transforming our society. Throughout all these years, we have called on the people to unite in this process that Aprismo will institute, a process of transformation.

[Question] It is said that Carlos Roca's candidacy has emerged as one last attempt by President Garcia to oppose the candidacy of Alva Castro. What is your opinion?

[Answer] As far as I know, the president has not sponsored the candidacy of any comrade. We respect every one of our comrades and we also respect their proposals.

[Question] What is the importance of the JAP delegation that will attend the next PAP congress? To what extent are you represented therein?

[Answer] The degree of representation is yet to be discussed by the organizing committee. We are putting together a draft regulation that will determine the number of representatives from the Aprista Youth; I think it will be considerable. Through the resolutions of the congress, the JAP will put forth its position and views on the party and the government.

[Question] Is the JAP on the left of the current PAP leadership?

[Answer] We represent a position; we fit into that framework: the revolutionary left. The JAP cannot be anywhere else. We are in the correct line.

[Question] Do you believe that the current leadership also represents that revolutionary leftist line?

[Answer] I believe that the National Executive Committee expresses the thought of Haya de la Torre. The party's position has experienced a series of difficulties as time has passed. The vigorous opposition of the conservative groups that want to destabilize the democratic system has perhaps affected the party, but I can tell you that we are going to fight to strengthen and back the party's principles. We are going to continue to wage the struggle so that leftist positions show the country the direction of the transformation upon which we have embarked and which we shall definitely continue.

[Question] What is the position of the Aprista Youth with respect to the current Aprista parliamentary majority?

[Answer] We understand that the CPA [Aprista Parliamentary Bloc] is made up of comrades with great experience and I believe we must unite with them to put together a position on that grand project which the party is. Regarding the parliamentary majority, we believe that the conservative groups have exerted great pressure. Perhaps the necessary fluidity has not existed on certain proposals; there has been some stagnation.

[Question] How do you think that recording of the president's speech leaked out?

[Answer] I want to be clear that that is the method used by the conservative groups. We categorically condemn and reject such acts, which do the party great harm and destabilize democracy. To have taken information from such an event is like going into someone else's house and that is something condemned under a state of law.

[Question] Do you then assume that it was conservative factions of the JAP that took the recording because only you were there?

[Answer] Perhaps I would not go that far. Perhaps they used other means to try to get such information, but the most serious thing is that they present the thoughts expressed by the president only partially and in a twisted manner. The president was very clear in condemning sensuality and terrorism and in reiterating our movement's desire for unity. That unity will be expressed at this congress, where we shall fundamentally reaffirm the unity and principled line of Aprismo. After the congress, we shall call a national assembly at which we shall gather together all young people, students and JAP members alike, to reaffirm our revolutionary position of change



and of the transformation of the structures of our nation. We shall also express resolute support for comrade Alan Garcia as the standardbearer of the process. At the Cusco meeting of JAP organs, we condemned the positions of terrorist movements because they resort to crime, which we do not accept as a legitimate means of struggle. Aprismo is definitely a party that represents the people

and as such, we can say that revolutions cannot be promoted, as the members of the MRTA [Tupac Amaru Revolutionary Movement] believed, a serious error that doomed them forever.

11464

### **Agreements To Refine Oil Abroad Yield Positive Results**

33480200 Caracas *EL NACIONAL* in Spanish  
24 Jul 88 Sec D p 7

[Text] Oil internationalization is still being debated in Venezuela, no longer from the standpoint of its virtues and importance, which have been proven by what has already been accomplished in the transactions conducted by PDVSA [Venezuelan Petroleum, Inc] in various parts of the world, but rather from the standpoint of the extent of the process, something equally worthwhile and important to the country.

PDVSA had set the limit on marketing oil in internationalized transactions at about 700,000 barrels per day, which represents less than a third of the existing production potential and a quarter of that anticipated for the 1990's. This proportion seems reasonable, especially if it is considered in relation to the conversion refining capacity available in the country, which is the most modern and competitive way of processing petroleum. It is still limited, and has continued to progress very slowly because of the high cost of constructing the pertinent units, and for reasons of commercial strategy.

Through the internationalization associations established to date, the Venezuelan oil industry has acquired a capacity for high conversion refining that does not generate residual, or does so in minimal amounts, at a cost equivalent to a fraction of what it would cost to build a similar refinery on national territory. In this way, the facilities exist for more extensive procedures, with increased yields, owing to the fact that those refineries have established petrochemical complexes providing additional value added to some of the products generated by the refining. The conversion capacity acquired is equivalent to or somewhat greater than that existing in Venezuela. To obtain an idea of what a conversion system costs, it is useful to recall that the change in the refining standard at the Cardon Refinery was postponed because the costs exceeded 30 billion bolivares. If we were to construct a complete new refinery, those costs would be far higher.

Internationalization is also aimed at expanding the commercial potential, providing secure sales on markets where we have created the association for the volumes of crude taken there. The short term expectation proposed is to attain a volume of about 600,000 barrels, which is highly significant given the conditions that have been appearing on highly competitive international oil markets. In this case, we would be ensuring the marketing of a third of Venezuela's production of its various hydrocarbons on good terms.

This type of outward vertical integration does not exclude its internal development, such as has been approved in the different programs and projects which have been signed and are in the process of construction in the petrochemical sector. Venezuela's petrochemical

expansion has its strategic basis in the supply of gas in large quantities; for this reason, it is continuing on its own path, distinguished from the refining projects and programs, which are based on liquid hydrocarbons, primarily crude.

At this point, a question arises regarding internationalization within the country: What should be internationalized? Exploration? Refining? Petrochemicals? In all instances there are intervening legal aspects, but there are also economic ones, involving capital, technology, and markets. In petrochemicals, there are no obstacles to the participation of national and foreign private capital; and hence various projects, both previous and new, have been viable in this area.

It is the presence of gas, in particular, that attracts foreign companies and capital to participate in the petrochemical business in Venezuela, not the refineries, which they have on their own territory in the industrialized countries, and from which they extract certain products, such as naphthas, as raw materials for their petrochemical plants. The fact that there are markets and technology available facilitates negotiations and the implementation of projects.

This issue of internationalization is of prime importance to Venezuela; it is a strategic matter that should be considered by all of the country's responsible sectors, particularly those with a decision-making capacity, so as to adopt the most suitable course of action, in the dimensions offering the best conditions for the oil sector, which is and will continue to be a key one in the Venezuelan economy.

2909

### **Complementary System Between Amuay, Cardon Oil Refineries**

33480200b Caracas *EL NACIONAL* in Spanish  
29 Jul 88 Sec D p 9

[Text] The Amuay and Cardon refineries may complement each other very well, because in each of them materials are produced that can lend added value to the other. The complementation, in its initial phase this year, is generating additional profits amounting to about \$20 million.

Arnold Volkenborn, a PDVSA [Venezuelan Petroleum, Inc] board member who deals with the refining area, and Edmundo Cardenas, manufacturing coordinator, discuss the topic of oil refining, a constantly changing area of activity, both because of the requirements with regard to quality and the environment that have emerged on the leading markets for our exports, and because of our own need to increase revenue, all of which entails technological efforts to modernize the facilities and the management.

We asked a question about the integration of the refining system in Venezuela, which has always been done by all the refineries, but without achieving any great importance. Products are sent from one refinery to another, in most instances by ship. But in the case of Amuay and Cardon, which are on the Paraguana peninsula at a relatively short distance, the connection by pipeline is a more important factor.

"There is a propane pipeline between the two refineries, but there is now a plan to incorporate four more, for butanes, naphthas, distillates, and vacuum gas oils."

The PDVSA board members explain that this is associated with the differences in quality among the crudes used predominantly in the refineries, so that, at Cardon, they are mainly paraffinic, and, at Amuay, naphthanic. The products usually offer some desirable and some undesirable qualities, which can be corrected with the proper mixtures.

As an example, at Cardon, kerosene (aviation fuel) is generated, emerging as a fraction situated between the naphthas and the gas oil, which has a freezing point caused by the paraffin. To correct this property, the heaviest fraction of the kerosene is left in the gas oil. Bringing components from Amuay, containing a lesser amount of paraffin, the portion that would have been left in the gas oil is recovered. This same concept is applied at Amuay, in reverse, with gasolines.

Through the exchange, problems inherent in crudes are corrected so as not to reduce quality and to meet specifications, also increasing the volume of the products.

Volkenborn notes that, with the complementation of the refineries, more flexibility is added to the system because it allows for better use of the capacity of each plant. If there is a problem in one refinery at any given time, maximum use can be made of the other's facilities.

On the other hand, the refineries' installations are different; and hence the one offering the largest output in an efficient combination is used. This holds true of Amuay, which can make mixtures of the components of gasolines in the pipes, controlled by computers, and with capacity available. Instead of creating another similar system at Cardon, the existing one is used for both refineries. Thus, there is complementation of quality.

The usefulness of having a system of five refineries, as is the case in Venezuela now, is that a total optimization is created, with crudes and products sent from one to the other, in order to achieve the maximum possible output. In Venezuela there are 900,000 barrels per day available with an efficient conversion capacity. The total capacity of 1.5 million barrels per day in primary distillation generates a great deal of residual; therefore, the feasible utilization is that of 900,000 barrels, minimizing the residual.

Our refineries' conversion capacity is represented basically by the catalytic disintegration plants. The load of distillates to fill that conversion capacity (consisting of about 260,000 barrels) comes from the aforementioned 900,000 barrels of crude. If this volume is exceeded, products of lesser value are generated; and if it is not reached, the conversion capacity is not filled.

To provide further data on the complementation between refineries, there is the situation that no vacuum plant exists in Puerto La Cruz; hence, its large residues go to El Palito and Isla, the latter in Curacao, and part of the Venezuelan refining system. Advantage will be taken of Cardon's additional alkylizing capacity, to be used by Amuay. The latter has a vacuum distillation capacity exceeding its catalytic cracking; therefore, vacuum distillates are sent to Cardon and El Palito.

The Amuay-Cardon interaction is of a priority nature, and the construction required will be ready within the next 3 years.

#### Refinery and Petrochemicals

In the conversation with Arnold Volkenborn and Edmundo Cardenas, the topic of refineries and petrochemicals came up; because, in some cases, such as that of the CORPOVEN [a PETROVEN subsidiary] Refinery at El Palito, units are being added so as to enter the petrochemical field. This constitutes a new route, and for this purpose the use of gas has been continued in Venezuela.

"There are petrochemical complexes connected to the refinery everywhere, so as to use raw materials originating from the refining. Basically, they are naphthas and gas oil, which are used in petrochemicals to make olefins (ethylene, propylene, and butylene) and aromatics (benzene, toluene, and xylene).

"In Venezuela, petrochemicals have been developed based on natural gas rather than naphthas; which is explained by the availability of large gas reserves. In El Palito, an aromatics plant is currently under construction, based on its own naphtha, which will be a raw material for petrochemical industries, thereby replacing imported benzene, toluene, and xylene.

"This is the first step toward procuring petrochemical raw materials in a refinery to be taken in Venezuela. A study is being made of the identification of other petrochemical raw materials that could be procured in our refining process; for example, the recovery of olefins present in the gases used as fuels (which are employed in flexicoking, catalytic cracking, and viscosity breaking units). Those olefins may be used in other refining processes, such as alkylizing, or for different petrochemical materials, such as ethers, alcohols, and others."

Volkenborn and Cardenas claim: "Little by little we shall progress toward optimizing petrochemical raw materials

from refining; although we have gas, which gives it its advantages."

#### **Refining Expansion Plans**

They add: "In the 5-6 year plans we have BTX investment in paraffinic waxes, and the expansion of the Amuay flexicoker, to reduce residual generation; the high vacuum units at Cardon, as well as the catalytic cracking unit at Puerto La Cruz, are being remodeled. All these improvements are for the purpose of converting residuals into more valuable products."

"The other type of project is associated with the control of the process itself, so as to undertake development of the technology aimed at increasing output, with the use of the computer to achieve higher quality and to optimize the yields. We are making investments for the continuity and reliability of the refineries (the units have their useful lives, and they have to be replaced). At Cardon, the industrial services are being renovated, replacing boilers that are 40 years old."

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